



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB6150

by Rep. Daniel Biss

SYNOPSIS AS INTRODUCED:

40 ILCS 5/2-117.4 new
40 ILCS 5/3-111.5 new
40 ILCS 5/4-109.5 new
40 ILCS 5/5-129.5 new
40 ILCS 5/6-124.5 new
40 ILCS 5/7-140.5 new
40 ILCS 5/8-137.5 new
40 ILCS 5/9-133.5 new
40 ILCS 5/10-104.6 new
40 ILCS 5/11-133.7 new
40 ILCS 5/12-129.5 new
40 ILCS 5/13-316 new
40 ILCS 5/14-108.7 new
40 ILCS 5/15-135.5 new
40 ILCS 5/16-133.8 new
40 ILCS 5/17-115.5 new
40 ILCS 5/18-123.5 new

Amends the Illinois Pension Code. Establishes a program under which certain retirement system participants may elect to receive a cash payment in exchange for agreeing to an increase in the required retirement age or agreeing to give up future automatic annual benefit increases. Effective immediately.

LRB097 21046 JDS 68366 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

A BILL FOR

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by adding
5 Sections 2-117.4, 3-111.5, 4-109.5, 5-129.5, 6-124.5, 7-140.5,
6 8-137.5, 9-133.5, 10-104.6, 11-133.7, 12-129.5, 13-316,
7 14-108.7, 15-135.5, 16-133.8, 17-115.5, and 18-123.5 as
8 follows:

9 (40 ILCS 5/2-117.4 new)

10 Sec. 2-117.4. Benefit buyout program.

11 (a) The System shall administer a benefit buyout program in
12 accordance with this Section. Under the program, the System
13 will pay a benefit buyout payment to certain persons in
14 exchange for voluntarily making an irrevocable election to
15 accept an increase in the required retirement age or to give up
16 certain automatic annual increases. The benefit buyout payment
17 is a cash payment payable to the person who makes an election
18 under this Section. A person shall not be required to
19 participate in the program or to make any election under this
20 Section.

21 The System shall take any actions necessary to ensure that
22 it (i) has in place the necessary administrative and data
23 processing ability to make the calculations and actuarial

1 determinations and to provide the counseling required under
2 this Section and (ii) has available the liquid assets
3 anticipated to be necessary to make the benefit buyout payments
4 promptly when elections are made. To avoid unreasonable strains
5 on its available administrative and financial resources, the
6 System may adopt reasonable restrictions on the number of
7 persons who may participate in the program or the total amount
8 of money available for making benefit buyout payments. If such
9 restrictions are adopted, the right of an eligible person to
10 participate in the program shall be determined by the order in
11 which his or her election is made.

12 The System shall inform potentially eligible persons about
13 the availability and operation of the program and any
14 restrictions on participation in the program in a factual and
15 objective manner that does not attempt to influence individual
16 decisions.

17 (b) Subject to any restrictions adopted by the System,
18 elections under this Section may be made at any time during
19 calendar year 2014. All elections made under this Section must
20 be in writing and are irrevocable.

21 A person against whom there is a QILDRO in effect is
22 ineligible to make an election under this Section, unless all
23 alternate payees under the QILDRO have irrevocably consented in
24 writing to the election and that consent has been filed with
25 the System prior to making the election. Benefits payable in
26 whole or in part to an alternate payee under a QILDRO are

1 subject to any applicable election under this Section that (i)
2 the alternate payee has consented to or (ii) occurred before
3 the QILDRO took effect.

4 A person shall not make an election under both subsection
5 (b-1) and subsection (b-2), but a person who makes an election
6 under either of those subsections may also make an election
7 under subsection (b-3). Those elections need not be made at the
8 same time. An eligible person may make an election under
9 subsection (b-3) without making an election under subsection
10 (b-1) or (b-2).

11 (b-1) An eligible person who first became a participant of
12 this System before January 1, 2011 and who is vested in the
13 right to receive a retirement annuity under this Article but
14 has not yet begun to receive that annuity may voluntarily elect
15 to receive a benefit buyout payment from the System in exchange
16 for agreeing to accept an increase of 2 years in whichever of
17 the retirement ages required under this Article applies at the
18 time of retirement. A person who makes this election to
19 increase the required retirement age is not eligible to qualify
20 for a retirement annuity under any set of retirement criteria
21 that does not include a minimum retirement age, other than a
22 retirement benefit based on disability. A person who already
23 meets the lowest applicable increased age requirement is not
24 eligible to make an election under this subsection.

25 (b-2) An eligible person who first became a participant of
26 this System before January 1, 2011 and who is vested in the

1 right to receive a retirement annuity under this Article but
2 has not yet begun to receive that annuity may voluntarily elect
3 to receive a benefit buyout payment from the System in exchange
4 for agreeing to accept an increase of 7 years in whichever of
5 the retirement ages required under this Article applies at the
6 time of retirement. A person who makes this election to
7 increase the required retirement age is not eligible to qualify
8 for a retirement annuity under any set of retirement criteria
9 that does not include a minimum retirement age, other than a
10 retirement benefit based on disability. A person who already
11 meets the lowest applicable increased age requirement is not
12 eligible to make an election under this subsection.

13 (b-3) An eligible person who receives or is vested in the
14 right to receive a retirement annuity under this Article may
15 voluntarily elect to receive a benefit buyout payment from the
16 System in exchange for agreeing to give up all future automatic
17 annual increases that are provided for under this Article,
18 including but not limited to automatic annual increases in
19 retirement annuity and in any survivor and disability benefits
20 that may become payable.

21 (b-4) An eligible person who receives a survivor's annuity
22 subject to automatic annual increases under this Article may
23 voluntarily elect to receive a benefit buyout payment from the
24 System in exchange for agreeing to give up all future automatic
25 annual increases that are provided for that annuity under this
26 Article.

1 (c) With respect to a person who makes an election under
2 subsection (b-1) or subsection (b-2) to increase the required
3 retirement age, beginning on the date of the election all
4 provisions in this Article (and Article 20 with respect to
5 service under this Article) concerning a retirement age
6 requirement shall be deemed to mean the retirement age
7 requirement as increased by the election.

8 With respect to a person who makes an election under
9 subsection (b-3) to give up all future automatic annual
10 increases that are provided under this Article, beginning on
11 the date of the election all references to such increases in
12 this Article shall cease to apply to that person and that
13 person's eligible survivors.

14 With respect to a person who makes an election under
15 subsection (b-4) to give up all future automatic annual
16 increases in survivor's annuity that are provided under this
17 Article, beginning on the date of the election all references
18 to such increases in this Article shall cease to apply to that
19 person with respect to that annuity.

20 The provisions of this Section control over any contrary
21 provision of this Article that exists on the effective date of
22 this Section.

23 (d) The benefit buyout payment shall be calculated
24 individually for each person making an election under this
25 Section, as of the time of the election, using actuarial
26 assumptions and tables adopted by the Board. The benefit buyout

1 payment shall be equal to 1/3 of the amount by which the
2 present value of all of the unreduced benefits to be affected
3 by the election exceeds the present value of those benefits as
4 reduced by the election. In calculating the present value of
5 affected benefits, the System shall consider anticipated
6 future benefit accruals, not just benefit amounts already
7 earned at the time of the election, and where appropriate shall
8 use the same actuarially assumed rates of salary increase,
9 continued employment, and other relevant factors that it uses
10 in determining its funding requirements or actuarial
11 liabilities.

12 (e) To the extent permitted by federal law, a person
13 entitled to receive a benefit buyout payment under this Section
14 may direct the System to pay all or a portion of that payment
15 (i) as an immediate cash payment, (ii) in a series of annual
16 payments over a period of up to 5 years, without interest, or
17 (iii) as a rollover into another retirement plan or account
18 qualified under the Internal Revenue Code of 1986, as amended.
19 The System shall withhold from the benefit buyout payment any
20 amounts required by law to be withheld for tax purposes.

21 (f) If a person terminates employment and applies for a
22 refund of employee contributions within 5 years after receiving
23 a benefit buyout payment under this Section, the amount of the
24 benefit buyout payment shall be deducted from the refund of
25 employee contributions and retained by the System. If the
26 benefit buyout payment was more than the amount of the refund,

1 the excess need not be repaid to the System.

2 (g) Upon request, a person shall be provided with written
3 information prepared or prescribed by the System, describing
4 the consequences of making an election under this Section. The
5 person shall be offered an opportunity to receive counseling
6 from the System before making the election. This counseling may
7 consist of video materials, group presentations, individual
8 consultation with an employee or authorized representative of
9 the System in person or by telephone or other electronic means,
10 or any combination of those methods.

11 The information and counseling shall specifically identify
12 the anticipated effects of an election on benefits under the
13 System and the Retirement Systems Reciprocal Act, describe
14 benefit buyout payment options, and provide general
15 information about tax withholding, but shall not include
16 specific tax advice.

17 (h) The System shall report on the benefit buyout program
18 to the Governor and the General Assembly by March 1, 2015. The
19 report shall indicate the number and percentage of eligible
20 persons who made an election, the types of elections made, the
21 total amount of benefit buyout payments paid, any restrictions
22 on the number of participants or total amount of benefit buyout
23 payments adopted by the System, and the anticipated savings to
24 the System resulting from the program. The report shall not
25 include any personally identifiable information.

1 (40 ILCS 5/3-111.5 new)

2 Sec. 3-111.5. Benefit buyout program.

3 (a) The Public Pension Division of the Department of
4 Insurance shall administer a benefit buyout program in
5 accordance with this Section for all police pension funds under
6 this Article. Each fund shall cooperate with the Division in
7 the administration of the program. Under the program, the fund
8 will pay a benefit buyout payment to certain persons in
9 exchange for voluntarily making an irrevocable election to
10 accept an increase in the required retirement age or to give up
11 certain automatic annual increases. The benefit buyout payment
12 is a cash payment payable to the person who makes an election
13 under this Section. A person shall not be required to
14 participate in the program or to make any election under this
15 Section.

16 In accordance with the recommendations of the Division, the
17 fund shall take any actions necessary to ensure that it (i) has
18 in place the necessary administrative and data processing
19 ability to make the calculations and actuarial determinations
20 and to provide the counseling required under this Section and
21 (ii) has available the liquid assets anticipated to be
22 necessary to make the benefit buyout payments promptly when
23 elections are made. To avoid unreasonable strains on the fund's
24 available administrative and financial resources, the Division
25 may adopt for each fund reasonable restrictions on the number
26 of persons who may participate in the program or the total

1 amount of money available for making benefit buyout payments.
2 If such restrictions are adopted, the right of an eligible
3 person to participate in the program shall be determined by the
4 order in which his or her election is made.

5 The fund shall inform potentially eligible persons about
6 the availability and operation of the program and any
7 restrictions on participation in the program in a factual and
8 objective manner that does not attempt to influence individual
9 decisions.

10 (b) Subject to any restrictions adopted by the Division,
11 elections under this Section may be made at any time during
12 calendar year 2014. All elections made under this Section must
13 be in writing and are irrevocable.

14 A person against whom there is a QILDRO in effect is
15 ineligible to make an election under this Section, unless all
16 alternate payees under the QILDRO have irrevocably consented in
17 writing to the election and that consent has been filed with
18 the fund prior to making the election. Benefits payable in
19 whole or in part to an alternate payee under a QILDRO are
20 subject to any applicable election under this Section that (i)
21 the alternate payee has consented to or (ii) occurred before
22 the QILDRO took effect.

23 A person shall not make an election under both subsection
24 (b-1) and subsection (b-2), but a person who makes an election
25 under either of those subsections may also make an election
26 under subsection (b-3). Those elections need not be made at the

1 same time. An eligible person may make an election under
2 subsection (b-3) without making an election under subsection
3 (b-1) or (b-2).

4 (b-1) An eligible person who (i) is not a participant in
5 the self-managed plan under Section 3-109.3, (ii) first became
6 a police officer under this Article before January 1, 2011, and
7 (iii) is vested in the right to receive a retirement pension
8 under this Article but has not yet begun to receive that
9 pension may voluntarily elect to receive a benefit buyout
10 payment from the fund in exchange for agreeing to accept an
11 increase of 2 years in whichever of the retirement ages
12 required under this Article applies at the time of retirement.
13 A person who makes this election to increase the required
14 retirement age is not eligible to qualify for a retirement
15 pension under any set of retirement criteria that does not
16 include a minimum retirement age, other than a retirement
17 benefit based on disability. A person who already meets the
18 lowest applicable increased age requirement is not eligible to
19 make an election under this subsection.

20 (b-2) An eligible person who (i) is not a participant in
21 the self-managed plan under Section 3-109.3, (ii) first became
22 a police officer under this Article before January 1, 2011, and
23 (iii) is vested in the right to receive a retirement pension
24 under this Article but has not yet begun to receive that
25 pension may voluntarily elect to receive a benefit buyout
26 payment from the fund in exchange for agreeing to accept an

1 increase of 7 years in whichever of the retirement ages
2 required under this Article applies at the time of retirement.
3 A person who makes this election to increase the required
4 retirement age is not eligible to qualify for a retirement
5 pension under any set of retirement criteria that does not
6 include a minimum retirement age, other than a retirement
7 benefit based on disability. A person who already meets the
8 lowest applicable increased age requirement is not eligible to
9 make an election under this subsection.

10 (b-3) An eligible person who receives or is vested in the
11 right to receive a retirement pension under this Article may
12 voluntarily elect to receive a benefit buyout payment from the
13 fund in exchange for agreeing to give up all future automatic
14 annual increases that are provided for under this Article,
15 including but not limited to automatic annual increases in
16 retirement pension and in any survivor and disability benefits
17 that may become payable.

18 (b-4) An eligible person who receives a survivor's pension
19 subject to automatic annual increases under this Article may
20 voluntarily elect to receive a benefit buyout payment from the
21 fund in exchange for agreeing to give up all future automatic
22 annual increases that are provided for that pension under this
23 Article.

24 (c) With respect to a person who makes an election under
25 subsection (b-1) or subsection (b-2) to increase the required
26 retirement age, beginning on the date of the election all

1 provisions in this Article concerning a retirement age
2 requirement shall be deemed to mean the retirement age
3 requirement as increased by the election.

4 With respect to a person who makes an election under
5 subsection (b-3) to give up all future automatic annual
6 increases that are provided under this Article, beginning on
7 the date of the election all references to such increases in
8 this Article shall cease to apply to that person and that
9 person's eligible survivors.

10 With respect to a person who makes an election under
11 subsection (b-4) to give up all future automatic annual
12 increases in survivor's pension that are provided under this
13 Article, beginning on the date of the election all references
14 to such increases in this Article shall cease to apply to that
15 person with respect to that survivor's pension.

16 The provisions of this Section control over any contrary
17 provision of this Article that exists on the effective date of
18 this Section.

19 (d) The benefit buyout payment shall be calculated in a
20 manner determined by the Division in accordance with this
21 Section. The Division may, but need not, provide assistance to
22 one or more funds under this Article in calculating benefit
23 buyout payments under the program.

24 The benefit buyout payment shall be calculated
25 individually for each person making an election under this
26 Section, as of the time of the election, using actuarial

1 assumptions and tables approved by the Division. The benefit
2 buyout payment shall be equal to 1/3 of the amount by which the
3 present value of all of the unreduced benefits to be affected
4 by the election exceeds the present value of those benefits as
5 reduced by the election. The method of calculating the present
6 value of affected benefits shall consider anticipated future
7 benefit accruals, not just benefit amounts already earned at
8 the time of the election, and where appropriate shall use the
9 same actuarially assumed rates of salary increase, continued
10 employment, and other relevant factors that are used in
11 determining the funding requirements or actuarial liabilities
12 of the fund.

13 (e) To the extent permitted by federal law, a person
14 entitled to receive a benefit buyout payment under this Section
15 may direct the fund to pay all or a portion of that payment (i)
16 as an immediate cash payment, (ii) in a series of annual
17 payments over a period of up to 5 years, without interest, or
18 (iii) as a rollover into another retirement plan or account
19 qualified under the Internal Revenue Code of 1986, as amended.
20 The fund shall withhold from the benefit buyout payment any
21 amounts required by law to be withheld for tax purposes.

22 (f) If a person terminates employment and applies for a
23 refund of employee contributions within 5 years after receiving
24 a benefit buyout payment under this Section, the amount of the
25 benefit buyout payment shall be deducted from the refund of
26 employee contributions and retained by the fund. If the benefit

1 buyout payment was more than the amount of the refund, the
2 excess need not be repaid to the fund.

3 (g) Upon request, a person shall be provided with written
4 information prepared or prescribed by the Division, describing
5 the consequences of making an election under this Section. The
6 person shall be offered an opportunity to receive counseling
7 from the fund before making the election. This counseling may
8 consist of video materials, group presentations, individual
9 consultation with an employee or authorized representative of
10 the fund in person or by telephone or other electronic means,
11 or any combination of those methods.

12 The information and counseling shall specifically identify
13 the anticipated effects of an election on benefits under the
14 fund, describe benefit buyout payment options, and provide
15 general information about tax withholding, but shall not
16 include specific tax advice.

17 (h) Each fund shall report on the benefit buyout program to
18 the Division by March 1, 2015. The report shall indicate the
19 number and percentage of eligible persons who made an election,
20 the types of elections made, the total amount of benefit buyout
21 payments paid, any restrictions on the number of participants
22 or total amount of benefit buyout payments adopted by the
23 Division for the fund, and the anticipated savings to the fund
24 resulting from the program. The report shall not include any
25 personally identifiable information. The Division shall
26 supervise the reporting required under this Section and shall

1 compile information from all of the funds under this Article
2 into a single report to the Governor and the General Assembly
3 by May 1, 2015.

4 (40 ILCS 5/4-109.5 new)

5 Sec. 4-109.5. Benefit buyout program.

6 (a) The Public Pension Division of the Department of
7 Insurance shall administer a benefit buyout program in
8 accordance with this Section for all firefighters' pension
9 funds under this Article. Each fund shall cooperate with the
10 Division in the administration of the program. Under the
11 program, the fund will pay a benefit buyout payment to certain
12 persons in exchange for voluntarily making an irrevocable
13 election to accept an increase in the required retirement age
14 or to give up certain automatic annual increases. The benefit
15 buyout payment is a cash payment payable to the person who
16 makes an election under this Section. A person shall not be
17 required to participate in the program or to make any election
18 under this Section.

19 In accordance with the recommendations of the Division, the
20 fund shall take any actions necessary to ensure that it (i) has
21 in place the necessary administrative and data processing
22 ability to make the calculations and actuarial determinations
23 and to provide the counseling required under this Section and
24 (ii) has available the liquid assets anticipated to be
25 necessary to make the benefit buyout payments promptly when

1 elections are made. To avoid unreasonable strains on the fund's
2 available administrative and financial resources, the Division
3 may adopt for each fund reasonable restrictions on the number
4 of persons who may participate in the program or the total
5 amount of money available for making benefit buyout payments.
6 If such restrictions are adopted, the right of an eligible
7 person to participate in the program shall be determined by the
8 order in which his or her election is made.

9 The fund shall inform potentially eligible persons about
10 the availability and operation of the program and any
11 restrictions on participation in the program in a factual and
12 objective manner that does not attempt to influence individual
13 decisions.

14 (b) Subject to any restrictions adopted by the Division,
15 elections under this Section may be made at any time during
16 calendar year 2014. All elections made under this Section must
17 be in writing and are irrevocable.

18 A person against whom there is a QILDRO in effect is
19 ineligible to make an election under this Section, unless all
20 alternate payees under the QILDRO have irrevocably consented in
21 writing to the election and that consent has been filed with
22 the fund prior to making the election. Benefits payable in
23 whole or in part to an alternate payee under a QILDRO are
24 subject to any applicable election under this Section that (i)
25 the alternate payee has consented to or (ii) occurred before
26 the QILDRO took effect.

1 A person shall not make an election under both subsection
2 (b-1) and subsection (b-2), but a person who makes an election
3 under either of those subsections may also make an election
4 under subsection (b-3). Those elections need not be made at the
5 same time. An eligible person may make an election under
6 subsection (b-3) without making an election under subsection
7 (b-1) or (b-2).

8 (b-1) An eligible person who first became a firefighter
9 under this Article before January 1, 2011 and who is vested in
10 the right to receive a retirement pension under this Article
11 but has not yet begun to receive that pension may voluntarily
12 elect to receive a benefit buyout payment from the fund in
13 exchange for agreeing to accept an increase of 2 years in
14 whichever of the retirement ages required under this Article
15 applies at the time of retirement. A person who makes this
16 election to increase the required retirement age is not
17 eligible to qualify for a retirement pension under any set of
18 retirement criteria that does not include a minimum retirement
19 age, other than a retirement benefit based on disability. A
20 person who already meets the lowest applicable increased age
21 requirement is not eligible to make an election under this
22 subsection.

23 (b-2) An eligible person who first became a firefighter
24 under this Article before January 1, 2011 and who is vested in
25 the right to receive a retirement pension under this Article
26 but has not yet begun to receive that pension may voluntarily

1 elect to receive a benefit buyout payment from the fund in
2 exchange for agreeing to accept an increase of 7 years in
3 whichever of the retirement ages required under this Article
4 applies at the time of retirement. A person who makes this
5 election to increase the required retirement age is not
6 eligible to qualify for a retirement pension under any set of
7 retirement criteria that does not include a minimum retirement
8 age, other than a retirement benefit based on disability. A
9 person who already meets the lowest applicable increased age
10 requirement is not eligible to make an election under this
11 subsection.

12 (b-3) An eligible person who receives or is vested in the
13 right to receive a retirement pension under this Article may
14 voluntarily elect to receive a benefit buyout payment from the
15 fund in exchange for agreeing to give up all future automatic
16 annual increases that are provided for under this Article,
17 including but not limited to automatic annual increases in
18 retirement pension and in any survivor and disability benefits
19 that may become payable.

20 (b-4) An eligible person who receives a survivor's pension
21 subject to automatic annual increases under this Article may
22 voluntarily elect to receive a benefit buyout payment from the
23 fund in exchange for agreeing to give up all future automatic
24 annual increases that are provided for that pension under this
25 Article.

26 (c) With respect to a person who makes an election under

1 subsection (b-1) or subsection (b-2) to increase the required
2 retirement age, beginning on the date of the election all
3 provisions in this Article concerning a retirement age
4 requirement shall be deemed to mean the retirement age
5 requirement as increased by the election.

6 With respect to a person who makes an election under
7 subsection (b-3) to give up all future automatic annual
8 increases that are provided under this Article, beginning on
9 the date of the election all references to such increases in
10 this Article shall cease to apply to that person and that
11 person's eligible survivors.

12 With respect to a person who makes an election under
13 subsection (b-4) to give up all future automatic annual
14 increases in survivor's pension that are provided under this
15 Article, beginning on the date of the election all references
16 to such increases in this Article shall cease to apply to that
17 person with respect to that survivor's pension.

18 The provisions of this Section control over any contrary
19 provision of this Article that exists on the effective date of
20 this Section.

21 (d) The benefit buyout payment shall be calculated in a
22 manner determined by the Division in accordance with this
23 Section. The Division may, but need not, provide assistance to
24 one or more funds under this Article in calculating benefit
25 buyout payments under the program.

26 The benefit buyout payment shall be calculated

1 individually for each person making an election under this
2 Section, as of the time of the election, using actuarial
3 assumptions and tables approved by the Division. The benefit
4 buyout payment shall be equal to 1/3 of the amount by which the
5 present value of all of the unreduced benefits to be affected
6 by the election exceeds the present value of those benefits as
7 reduced by the election. The method of calculating the present
8 value of affected benefits shall consider anticipated future
9 benefit accruals, not just benefit amounts already earned at
10 the time of the election, and where appropriate shall use the
11 same actuarially assumed rates of salary increase, continued
12 employment, and other relevant factors that are used in
13 determining the funding requirements or actuarial liabilities
14 of the fund.

15 (e) To the extent permitted by federal law, a person
16 entitled to receive a benefit buyout payment under this Section
17 may direct the fund to pay all or a portion of that payment (i)
18 as an immediate cash payment, (ii) in a series of annual
19 payments over a period of up to 5 years, without interest, or
20 (iii) as a rollover into another retirement plan or account
21 qualified under the Internal Revenue Code of 1986, as amended.
22 The fund shall withhold from the benefit buyout payment any
23 amounts required by law to be withheld for tax purposes.

24 (f) If a person terminates employment and applies for a
25 refund of employee contributions within 5 years after receiving
26 a benefit buyout payment under this Section, the amount of the

1 benefit buyout payment shall be deducted from the refund of
2 employee contributions and retained by the fund. If the benefit
3 buyout payment was more than the amount of the refund, the
4 excess need not be repaid to the fund.

5 (g) Upon request, a person shall be provided with written
6 information prepared or prescribed by the Division, describing
7 the consequences of making an election under this Section. The
8 person shall be offered an opportunity to receive counseling
9 from the fund before making the election. This counseling may
10 consist of video materials, group presentations, individual
11 consultation with an employee or authorized representative of
12 the fund in person or by telephone or other electronic means,
13 or any combination of those methods.

14 The information and counseling shall specifically identify
15 the anticipated effects of an election on benefits under the
16 fund, describe benefit buyout payment options, and provide
17 general information about tax withholding, but shall not
18 include specific tax advice.

19 (h) Each fund shall report on the benefit buyout program to
20 the Division by March 1, 2015. The report shall indicate the
21 number and percentage of eligible persons who made an election,
22 the types of elections made, the total amount of benefit buyout
23 payments paid, any restrictions on the number of participants
24 or total amount of benefit buyout payments adopted by the
25 Division for the fund, and the anticipated savings to the fund
26 resulting from the program. The report shall not include any

1 personally identifiable information. The Division shall
2 supervise the reporting required under this Section and shall
3 compile information from all of the funds under this Article
4 into a single report to the Governor and the General Assembly
5 by May 1, 2015.

6 (40 ILCS 5/5-129.5 new)

7 Sec. 5-129.5. Benefit buyout program.

8 (a) The Fund shall administer a benefit buyout program in
9 accordance with this Section. Under the program, the Fund will
10 pay a benefit buyout payment to certain persons in exchange for
11 voluntarily making an irrevocable election to accept an
12 increase in the required retirement age or to give up certain
13 automatic annual increases. The benefit buyout payment is a
14 cash payment payable to the person who makes an election under
15 this Section. A person shall not be required to participate in
16 the program or to make any election under this Section.

17 The Fund shall take any actions necessary to ensure that it
18 (i) has in place the necessary administrative and data
19 processing ability to make the calculations and actuarial
20 determinations and to provide the counseling required under
21 this Section and (ii) has available the liquid assets
22 anticipated to be necessary to make the benefit buyout payments
23 promptly when elections are made. To avoid unreasonable strains
24 on its available administrative and financial resources, the
25 Fund may adopt reasonable restrictions on the number of persons

1 who may participate in the program or the total amount of money
2 available for making benefit buyout payments. If such
3 restrictions are adopted, the right of an eligible person to
4 participate in the program shall be determined by the order in
5 which his or her election is made.

6 The Fund shall inform potentially eligible persons about
7 the availability and operation of the program and any
8 restrictions on participation in the program in a factual and
9 objective manner that does not attempt to influence individual
10 decisions.

11 (b) Subject to any restrictions adopted by the Fund,
12 elections under this Section may be made at any time during
13 calendar year 2014. All elections made under this Section must
14 be in writing and are irrevocable.

15 A person against whom there is a QILDRO in effect is
16 ineligible to make an election under this Section, unless all
17 alternate payees under the QILDRO have irrevocably consented in
18 writing to the election and that consent has been filed with
19 the Fund prior to making the election. Benefits payable in
20 whole or in part to an alternate payee under a QILDRO are
21 subject to any applicable election under this Section that (i)
22 the alternate payee has consented to or (ii) occurred before
23 the QILDRO took effect.

24 A person shall not make an election under both subsection
25 (b-1) and subsection (b-2), but a person who makes an election
26 under either of those subsections may also make an election

1 under subsection (b-3). Those elections need not be made at the
2 same time. An eligible person may make an election under
3 subsection (b-3) without making an election under subsection
4 (b-1) or (b-2).

5 (b-1) An eligible person who first became a participant of
6 this Fund before January 1, 2011 and who is vested in the right
7 to receive a retirement retirement annuity under this Article
8 but has not yet begun to receive that annuity may voluntarily
9 elect to receive a benefit buyout payment from the Fund in
10 exchange for agreeing to accept an increase of 2 years in
11 whichever of the retirement ages required under this Article
12 applies at the time of retirement. A person who makes this
13 election to increase the required retirement age is not
14 eligible to qualify for a retirement annuity under any set of
15 retirement criteria that does not include a minimum retirement
16 age, other than a retirement benefit based on disability. A
17 person who already meets the lowest applicable increased age
18 requirement is not eligible to make an election under this
19 subsection.

20 (b-2) An eligible person who first became a participant of
21 this Fund before January 1, 2011 and who is vested in the right
22 to receive a retirement annuity under this Article but has not
23 yet begun to receive that annuity may voluntarily elect to
24 receive a benefit buyout payment from the Fund in exchange for
25 agreeing to accept an increase of 7 years in whichever of the
26 retirement ages required under this Article applies at the time

1 of retirement. A person who makes this election to increase the
2 required retirement age is not eligible to qualify for a
3 retirement annuity under any set of retirement criteria that
4 does not include a minimum retirement age, other than a
5 retirement benefit based on disability. A person who already
6 meets the lowest applicable increased age requirement is not
7 eligible to make an election under this subsection.

8 (b-3) An eligible person who receives or is vested in the
9 right to receive a retirement annuity under this Article may
10 voluntarily elect to receive a benefit buyout payment from the
11 Fund in exchange for agreeing to give up all future automatic
12 annual increases that are provided for under this Article,
13 including but not limited to automatic annual increases in age
14 and service or minimum annuity and in any survivor and
15 disability benefits that may become payable.

16 (b-4) An eligible person who receives a widow's annuity
17 subject to automatic annual increases under this Article may
18 voluntarily elect to receive a benefit buyout payment from the
19 Fund in exchange for agreeing to give up all future automatic
20 annual increases that are provided for that annuity under this
21 Article.

22 (c) With respect to a person who makes an election under
23 subsection (b-1) or subsection (b-2) to increase the required
24 retirement age, beginning on the date of the election all
25 provisions in this Article concerning a retirement age
26 requirement shall be deemed to mean the retirement age

1 requirement as increased by the election.

2 With respect to a person who makes an election under
3 subsection (b-3) to give up all future automatic annual
4 increases that are provided under this Article, beginning on
5 the date of the election all references to such increases in
6 this Article shall cease to apply to that person and that
7 person's eligible survivors.

8 With respect to a person who makes an election under
9 subsection (b-4) to give up all future automatic annual
10 increases in widow's annuity that are provided under this
11 Article, beginning on the date of the election all references
12 to such increases in this Article shall cease to apply to that
13 person with respect to that annuity.

14 The provisions of this Section control over any contrary
15 provision of this Article that exists on the effective date of
16 this Section.

17 (d) The benefit buyout payment shall be calculated
18 individually for each person making an election under this
19 Section, as of the time of the election, using actuarial
20 assumptions and tables adopted by the Board. The benefit buyout
21 payment shall be equal to 1/3 of the amount by which the
22 present value of all of the unreduced benefits to be affected
23 by the election exceeds the present value of those benefits as
24 reduced by the election. In calculating the present value of
25 affected benefits, the Fund shall consider anticipated future
26 benefit accruals, not just benefit amounts already earned at

1 the time of the election, and where appropriate shall use the
2 same actuarially assumed rates of salary increase, continued
3 employment, and other relevant factors that it uses in
4 determining its funding requirements or actuarial liabilities.

5 (e) To the extent permitted by federal law, a person
6 entitled to receive a benefit buyout payment under this Section
7 may direct the Fund to pay all or a portion of that payment (i)
8 as an immediate cash payment, (ii) in a series of annual
9 payments over a period of up to 5 years, without interest, or
10 (iii) as a rollover into another retirement plan or account
11 qualified under the Internal Revenue Code of 1986, as amended.
12 The Fund shall withhold from the benefit buyout payment any
13 amounts required by law to be withheld for tax purposes.

14 (f) If a person terminates employment and applies for a
15 refund of employee contributions within 5 years after receiving
16 a benefit buyout payment under this Section, the amount of the
17 benefit buyout payment shall be deducted from the refund of
18 employee contributions and retained by the Fund. If the benefit
19 buyout payment was more than the amount of the refund, the
20 excess need not be repaid to the Fund.

21 (g) Upon request, a person shall be provided with written
22 information prepared or prescribed by the Fund, describing the
23 consequences of making an election under this Section. The
24 person shall be offered an opportunity to receive counseling
25 from the Fund before making the election. This counseling may
26 consist of video materials, group presentations, individual

1 consultation with an employee or authorized representative of
2 the Fund in person or by telephone or other electronic means,
3 or any combination of those methods.

4 The information and counseling shall specifically identify
5 the anticipated effects of an election on benefits under the
6 Fund, describe benefit buyout payment options, and provide
7 general information about tax withholding, but shall not
8 include specific tax advice.

9 (h) The Fund shall report on the benefit buyout program to
10 the Governor and the General Assembly by March 1, 2015. The
11 report shall indicate the number and percentage of eligible
12 persons who made an election, the types of elections made, the
13 total amount of benefit buyout payments paid, any restrictions
14 on the number of participants or total amount of benefit buyout
15 payments adopted by the Fund, and the anticipated savings to
16 the Fund resulting from the program. The report shall not
17 include any personally identifiable information.

18 (40 ILCS 5/6-124.5 new)

19 Sec. 6-124.5. Benefit buyout program.

20 (a) The Fund shall administer a benefit buyout program in
21 accordance with this Section. Under the program, the Fund will
22 pay a benefit buyout payment to certain persons in exchange for
23 voluntarily making an irrevocable election to accept an
24 increase in the required retirement age or to give up certain
25 automatic annual increases. The benefit buyout payment is a

1 cash payment payable to the person who makes an election under
2 this Section. A person shall not be required to participate in
3 the program or to make any election under this Section.

4 The Fund shall take any actions necessary to ensure that it
5 (i) has in place the necessary administrative and data
6 processing ability to make the calculations and actuarial
7 determinations and to provide the counseling required under
8 this Section and (ii) has available the liquid assets
9 anticipated to be necessary to make the benefit buyout payments
10 promptly when elections are made. To avoid unreasonable strains
11 on its available administrative and financial resources, the
12 Fund may adopt reasonable restrictions on the number of persons
13 who may participate in the program or the total amount of money
14 available for making benefit buyout payments. If such
15 restrictions are adopted, the right of an eligible person to
16 participate in the program shall be determined by the order in
17 which his or her election is made.

18 The Fund shall inform potentially eligible persons about
19 the availability and operation of the program and any
20 restrictions on participation in the program in a factual and
21 objective manner that does not attempt to influence individual
22 decisions.

23 (b) Subject to any restrictions adopted by the Fund,
24 elections under this Section may be made at any time during
25 calendar year 2014. All elections made under this Section must
26 be in writing and are irrevocable.

1 A person against whom there is a QILDRO in effect is
2 ineligible to make an election under this Section, unless all
3 alternate payees under the QILDRO have irrevocably consented in
4 writing to the election and that consent has been filed with
5 the Fund prior to making the election. Benefits payable in
6 whole or in part to an alternate payee under a QILDRO are
7 subject to any applicable election under this Section that (i)
8 the alternate payee has consented to or (ii) occurred before
9 the QILDRO took effect.

10 A person shall not make an election under both subsection
11 (b-1) and subsection (b-2), but a person who makes an election
12 under either of those subsections may also make an election
13 under subsection (b-3). Those elections need not be made at the
14 same time. An eligible person may make an election under
15 subsection (b-3) without making an election under subsection
16 (b-1) or (b-2).

17 (b-1) An eligible person who first became a participant of
18 this Fund before January 1, 2011 and who is vested in the right
19 to receive a retirement annuity under this Article but has not
20 yet begun to receive that annuity may voluntarily elect to
21 receive a benefit buyout payment from the Fund in exchange for
22 agreeing to accept an increase of 2 years in whichever of the
23 retirement ages required under this Article applies at the time
24 of retirement. A person who makes this election to increase the
25 required retirement age is not eligible to qualify for a
26 retirement annuity under any set of retirement criteria that

1 does not include a minimum retirement age, other than a
2 retirement benefit based on disability. A person who already
3 meets the lowest applicable increased age requirement is not
4 eligible to make an election under this subsection.

5 (b-2) An eligible person who first became a participant of
6 this Fund before January 1, 2011 and who is vested in the right
7 to receive a retirement annuity under this Article but has not
8 yet begun to receive that annuity may voluntarily elect to
9 receive a benefit buyout payment from the Fund in exchange for
10 agreeing to accept an increase of 7 years in whichever of the
11 retirement ages required under this Article applies at the time
12 of retirement. A person who makes this election to increase the
13 required retirement age is not eligible to qualify for a
14 retirement annuity under any set of retirement criteria that
15 does not include a minimum retirement age, other than a
16 retirement benefit based on disability. A person who already
17 meets the lowest applicable increased age requirement is not
18 eligible to make an election under this subsection.

19 (b-3) An eligible person who receives or is vested in the
20 right to receive a retirement annuity under this Article may
21 voluntarily elect to receive a benefit buyout payment from the
22 Fund in exchange for agreeing to give up all future automatic
23 annual increases that are provided for under this Article,
24 including but not limited to automatic annual increases in age
25 and service or minimum annuity and in any survivor and
26 disability benefits that may become payable.

1 (b-4) An eligible person who receives a widow's annuity
2 subject to automatic annual increases under this Article may
3 voluntarily elect to receive a benefit buyout payment from the
4 Fund in exchange for agreeing to give up all future automatic
5 annual increases that are provided for that annuity under this
6 Article.

7 (c) With respect to a person who makes an election under
8 subsection (b-1) or subsection (b-2) to increase the required
9 retirement age, beginning on the date of the election all
10 provisions in this Article concerning a retirement age
11 requirement shall be deemed to mean the retirement age
12 requirement as increased by the election.

13 With respect to a person who makes an election under
14 subsection (b-3) to give up all future automatic annual
15 increases that are provided under this Article, beginning on
16 the date of the election all references to such increases in
17 this Article shall cease to apply to that person and that
18 person's eligible survivors.

19 With respect to a person who makes an election under
20 subsection (b-4) to give up all future automatic annual
21 increases in widow's annuity that are provided under this
22 Article, beginning on the date of the election all references
23 to such increases in this Article shall cease to apply to that
24 person with respect to that annuity.

25 The provisions of this Section control over any contrary
26 provision of this Article that exists on the effective date of

1 this Section.

2 (d) The benefit buyout payment shall be calculated
3 individually for each person making an election under this
4 Section, as of the time of the election, using actuarial
5 assumptions and tables adopted by the Board. The benefit buyout
6 payment shall be equal to 1/3 of the amount by which the
7 present value of all of the unreduced benefits to be affected
8 by the election exceeds the present value of those benefits as
9 reduced by the election. In calculating the present value of
10 affected benefits, the Fund shall consider anticipated future
11 benefit accruals, not just benefit amounts already earned at
12 the time of the election, and where appropriate shall use the
13 same actuarially assumed rates of salary increase, continued
14 employment, and other relevant factors that it uses in
15 determining its funding requirements or actuarial liabilities.

16 (e) To the extent permitted by federal law, a person
17 entitled to receive a benefit buyout payment under this Section
18 may direct the Fund to pay all or a portion of that payment (i)
19 as an immediate cash payment, (ii) in a series of annual
20 payments over a period of up to 5 years, without interest, or
21 (iii) as a rollover into another retirement plan or account
22 qualified under the Internal Revenue Code of 1986, as amended.
23 The Fund shall withhold from the benefit buyout payment any
24 amounts required by law to be withheld for tax purposes.

25 (f) If a person terminates employment and applies for a
26 refund of employee contributions within 5 years after receiving

1 a benefit buyout payment under this Section, the amount of the
2 benefit buyout payment shall be deducted from the refund of
3 employee contributions and retained by the Fund. If the benefit
4 buyout payment was more than the amount of the refund, the
5 excess need not be repaid to the Fund.

6 (g) Upon request, a person shall be provided with written
7 information prepared or prescribed by the Fund, describing the
8 consequences of making an election under this Section. The
9 person shall be offered an opportunity to receive counseling
10 from the Fund before making the election. This counseling may
11 consist of video materials, group presentations, individual
12 consultation with an employee or authorized representative of
13 the Fund in person or by telephone or other electronic means,
14 or any combination of those methods.

15 The information and counseling shall specifically identify
16 the anticipated effects of an election on benefits under the
17 Fund, describe benefit buyout payment options, and provide
18 general information about tax withholding, but shall not
19 include specific tax advice.

20 (h) The Fund shall report on the benefit buyout program to
21 the Governor and the General Assembly by March 1, 2015. The
22 report shall indicate the number and percentage of eligible
23 persons who made an election, the types of elections made, the
24 total amount of benefit buyout payments paid, any restrictions
25 on the number of participants or total amount of benefit buyout
26 payments adopted by the Fund, and the anticipated savings to

1 the Fund resulting from the program. The report shall not
2 include any personally identifiable information.

3 (40 ILCS 5/7-140.5 new)

4 Sec. 7-140.5. Benefit buyout program.

5 (a) The Fund shall administer a benefit buyout program in
6 accordance with this Section. Under the program, the Fund will
7 pay a benefit buyout payment to certain persons in exchange for
8 voluntarily making an irrevocable election to accept an
9 increase in the required retirement age or to give up certain
10 automatic annual increases. The benefit buyout payment is a
11 cash payment payable to the person who makes an election under
12 this Section. A person shall not be required to participate in
13 the program or to make any election under this Section.

14 The Fund shall take any actions necessary to ensure that it
15 (i) has in place the necessary administrative and data
16 processing ability to make the calculations and actuarial
17 determinations and to provide the counseling required under
18 this Section and (ii) has available the liquid assets
19 anticipated to be necessary to make the benefit buyout payments
20 promptly when elections are made. To avoid unreasonable strains
21 on its available administrative and financial resources, the
22 Fund may adopt reasonable restrictions on the number of persons
23 who may participate in the program or the total amount of money
24 available for making benefit buyout payments. If such
25 restrictions are adopted, the right of an eligible person to

1 participate in the program shall be determined by the order in
2 which his or her election is made.

3 The Fund shall inform potentially eligible persons about
4 the availability and operation of the program and any
5 restrictions on participation in the program in a factual and
6 objective manner that does not attempt to influence individual
7 decisions.

8 (b) Subject to any restrictions adopted by the Fund,
9 elections under this Section may be made at any time during
10 calendar year 2014. All elections made under this Section must
11 be in writing and are irrevocable.

12 A person against whom there is a QILDRO in effect is
13 ineligible to make an election under this Section, unless all
14 alternate payees under the QILDRO have irrevocably consented in
15 writing to the election and that consent has been filed with
16 the Fund prior to making the election. Benefits payable in
17 whole or in part to an alternate payee under a QILDRO are
18 subject to any applicable election under this Section that (i)
19 the alternate payee has consented to or (ii) occurred before
20 the QILDRO took effect.

21 A person shall not make an election under both subsection
22 (b-1) and subsection (b-2), but a person who makes an election
23 under either of those subsections may also make an election
24 under subsection (b-3). Those elections need not be made at the
25 same time. An eligible person may make an election under
26 subsection (b-3) without making an election under subsection

1 (b-1) or (b-2).

2 (b-1) An eligible person not subject to Section 1-160 who
3 is vested in the right to receive a retirement annuity under
4 this Article but has not yet begun to receive that annuity may
5 voluntarily elect to receive a benefit buyout payment from the
6 Fund in exchange for agreeing to accept an increase of 2 years
7 in whichever of the retirement ages required under this Article
8 applies at the time of retirement. A person who makes this
9 election to increase the required retirement age is not
10 eligible to qualify for a retirement annuity under any set of
11 retirement criteria that does not include a minimum retirement
12 age, other than a retirement benefit based on disability. A
13 person who already meets the lowest applicable increased age
14 requirement is not eligible to make an election under this
15 subsection.

16 (b-2) An eligible person not subject to Section 1-160 who
17 is vested in the right to receive a retirement annuity under
18 this Article but has not yet begun to receive that annuity may
19 voluntarily elect to receive a benefit buyout payment from the
20 Fund in exchange for agreeing to accept an increase of 7 years
21 in whichever of the retirement ages required under this Article
22 applies at the time of retirement. A person who makes this
23 election to increase the required retirement age is not
24 eligible to qualify for a retirement annuity under any set of
25 retirement criteria that does not include a minimum retirement
26 age, other than a retirement benefit based on disability. A

1 person who already meets the lowest applicable increased age
2 requirement is not eligible to make an election under this
3 subsection.

4 (b-3) An eligible person who receives or is vested in the
5 right to receive a retirement annuity under this Article (or
6 under Section 1-160 with respect to service under this Article)
7 may voluntarily elect to receive a benefit buyout payment from
8 the Fund in exchange for agreeing to give up all future
9 automatic annual increases that are provided for under this
10 Article (or under Section 1-160 with respect to service under
11 this Article), including but not limited to automatic annual
12 increases in retirement annuity and in any survivor and
13 disability benefits that may become payable.

14 (b-4) An eligible person who receives a surviving spouse
15 annuity under this Article (or a survivor's annuity under
16 Section 1-160 with respect to service under this Article) that
17 is subject to automatic annual increases may voluntarily elect
18 to receive a benefit buyout payment from the Fund in exchange
19 for agreeing to give up all future automatic annual increases
20 that are provided for under this Article (or under Section
21 1-160) with respect to that annuity.

22 (c) With respect to a person who makes an election under
23 subsection (b-1) or subsection (b-2) to increase the required
24 retirement age, beginning on the date of the election all
25 provisions in this Article (and Article 20 with respect to
26 service under this Article) concerning a retirement age

1 requirement shall be deemed to mean the retirement age
2 requirement as increased by the election.

3 With respect to a person who makes an election under
4 subsection (b-3) to give up all future automatic annual
5 increases that are provided under this Article (or under
6 Section 1-160 with respect to service under this Article),
7 beginning on the date of the election all references to such
8 increases in this Article (or under Section 1-160 with respect
9 to service under this Article) shall cease to apply to that
10 person and that person's eligible survivors.

11 With respect to a person who makes an election under
12 subsection (b-4) to give up all future automatic annual
13 increases in a surviving spouse annuity under this Article (or
14 a survivor's annuity under Section 1-160 with respect to
15 service under this Article), beginning on the date of the
16 election all references to such increases in this Article (or
17 under Section 1-160) shall cease to apply to that person with
18 respect to that annuity.

19 The provisions of this Section control over any contrary
20 provision of this Article or Section 1-160 that exists on the
21 effective date of this Section.

22 (d) The benefit buyout payment shall be calculated
23 individually for each person making an election under this
24 Section, as of the time of the election, using actuarial
25 assumptions and tables adopted by the Board. The benefit buyout
26 payment shall be equal to 1/3 of the amount by which the

1 present value of all of the unreduced benefits to be affected
2 by the election exceeds the present value of those benefits as
3 reduced by the election. In calculating the present value of
4 affected benefits, the Fund shall consider anticipated future
5 benefit accruals, not just benefit amounts already earned at
6 the time of the election, and where appropriate shall use the
7 same actuarially assumed rates of salary increase, continued
8 employment, and other relevant factors that it uses in
9 determining its funding requirements or actuarial liabilities.

10 (e) To the extent permitted by federal law, a person
11 entitled to receive a benefit buyout payment under this Section
12 may direct the Fund to pay all or a portion of that payment (i)
13 as an immediate cash payment, (ii) in a series of annual
14 payments over a period of up to 5 years, without interest, or
15 (iii) as a rollover into another retirement plan or account
16 qualified under the Internal Revenue Code of 1986, as amended.
17 The Fund shall withhold from the benefit buyout payment any
18 amounts required by law to be withheld for tax purposes.

19 (f) If a person terminates employment and applies for a
20 refund of employee contributions within 5 years after receiving
21 a benefit buyout payment under this Section, the amount of the
22 benefit buyout payment shall be deducted from the refund of
23 employee contributions and retained by the Fund. If the benefit
24 buyout payment was more than the amount of the refund, the
25 excess need not be repaid to the Fund.

26 (g) Upon request, a person shall be provided with written

1 information prepared or prescribed by the Fund, describing the
2 consequences of making an election under this Section. The
3 person shall be offered an opportunity to receive counseling
4 from the Fund before making the election. This counseling may
5 consist of video materials, group presentations, individual
6 consultation with an employee or authorized representative of
7 the Fund in person or by telephone or other electronic means,
8 or any combination of those methods.

9 The information and counseling shall specifically identify
10 the anticipated effects of an election on benefits under the
11 Fund and the Retirement Systems Reciprocal Act, describe
12 benefit buyout payment options, and provide general
13 information about tax withholding, but shall not include
14 specific tax advice.

15 (h) The Fund shall report on the benefit buyout program to
16 the Governor and the General Assembly by March 1, 2015. The
17 report shall indicate the number and percentage of eligible
18 persons who made an election, the types of elections made, the
19 total amount of benefit buyout payments paid, any restrictions
20 on the number of participants or total amount of benefit buyout
21 payments adopted by the Fund, and the anticipated savings to
22 the Fund resulting from the program. The report shall not
23 include any personally identifiable information.

24 (40 ILCS 5/8-137.5 new)

25 Sec. 8-137.5. Benefit buyout program.

1 (a) The Fund shall administer a benefit buyout program in
2 accordance with this Section. Under the program, the Fund will
3 pay a benefit buyout payment to certain persons in exchange for
4 voluntarily making an irrevocable election to accept an
5 increase in the required retirement age or to give up certain
6 automatic annual increases. The benefit buyout payment is a
7 cash payment payable to the person who makes an election under
8 this Section. A person shall not be required to participate in
9 the program or to make any election under this Section.

10 The Fund shall take any actions necessary to ensure that it
11 (i) has in place the necessary administrative and data
12 processing ability to make the calculations and actuarial
13 determinations and to provide the counseling required under
14 this Section and (ii) has available the liquid assets
15 anticipated to be necessary to make the benefit buyout payments
16 promptly when elections are made. To avoid unreasonable strains
17 on its available administrative and financial resources, the
18 Fund may adopt reasonable restrictions on the number of persons
19 who may participate in the program or the total amount of money
20 available for making benefit buyout payments. If such
21 restrictions are adopted, the right of an eligible person to
22 participate in the program shall be determined by the order in
23 which his or her election is made.

24 The Fund shall inform potentially eligible persons about
25 the availability and operation of the program and any
26 restrictions on participation in the program in a factual and

1 objective manner that does not attempt to influence individual
2 decisions.

3 (b) Subject to any restrictions adopted by the Fund,
4 elections under this Section may be made at any time during
5 calendar year 2014. All elections made under this Section must
6 be in writing and are irrevocable.

7 A person against whom there is a QILDRO in effect is
8 ineligible to make an election under this Section, unless all
9 alternate payees under the QILDRO have irrevocably consented in
10 writing to the election and that consent has been filed with
11 the Fund prior to making the election. Benefits payable in
12 whole or in part to an alternate payee under a QILDRO are
13 subject to any applicable election under this Section that (i)
14 the alternate payee has consented to or (ii) occurred before
15 the QILDRO took effect.

16 A person shall not make an election under both subsection
17 (b-1) and subsection (b-2), but a person who makes an election
18 under either of those subsections may also make an election
19 under subsection (b-3). Those elections need not be made at the
20 same time. An eligible person may make an election under
21 subsection (b-3) without making an election under subsection
22 (b-1) or (b-2).

23 (b-1) An eligible person not subject to Section 1-160 who
24 is vested in the right to receive a retirement annuity under
25 this Article but has not yet begun to receive that annuity may
26 voluntarily elect to receive a benefit buyout payment from the

1 Fund in exchange for agreeing to accept an increase of 2 years
2 in whichever of the retirement ages required under this Article
3 applies at the time of retirement. A person who makes this
4 election to increase the required retirement age is not
5 eligible to qualify for a retirement annuity under any set of
6 retirement criteria that does not include a minimum retirement
7 age, other than a retirement benefit based on disability. A
8 person who already meets the lowest applicable increased age
9 requirement is not eligible to make an election under this
10 subsection.

11 (b-2) An eligible person not subject to Section 1-160 who
12 is vested in the right to receive a retirement annuity under
13 this Article but has not yet begun to receive that annuity may
14 voluntarily elect to receive a benefit buyout payment from the
15 Fund in exchange for agreeing to accept an increase of 7 years
16 in whichever of the retirement ages required under this Article
17 applies at the time of retirement. A person who makes this
18 election to increase the required retirement age is not
19 eligible to qualify for a retirement annuity under any set of
20 retirement criteria that does not include a minimum retirement
21 age, other than a retirement benefit based on disability. A
22 person who already meets the lowest applicable increased age
23 requirement is not eligible to make an election under this
24 subsection.

25 (b-3) An eligible person who receives or is vested in the
26 right to receive a retirement annuity under this Article (or

1 under Section 1-160 with respect to service under this Article)
2 may voluntarily elect to receive a benefit buyout payment from
3 the Fund in exchange for agreeing to give up all future
4 automatic annual increases that are provided for under this
5 Article (or under Section 1-160 with respect to service under
6 this Article), including but not limited to automatic annual
7 increases in retirement annuity and in any survivor and
8 disability benefits that may become payable.

9 (b-4) An eligible person who receives a widow's annuity
10 under this Article (or a survivor's annuity under Section 1-160
11 with respect to service under this Article) that is subject to
12 automatic annual increases may voluntarily elect to receive a
13 benefit buyout payment from the Fund in exchange for agreeing
14 to give up all future automatic annual increases that are
15 provided for that annuity under this Article (or under Section
16 1-160).

17 (c) With respect to a person who makes an election under
18 subsection (b-1) or subsection (b-2) to increase the required
19 retirement age, beginning on the date of the election all
20 provisions in this Article (and Article 20 with respect to
21 service under this Article) concerning a retirement age
22 requirement shall be deemed to mean the retirement age
23 requirement as increased by the election.

24 With respect to a person who makes an election under
25 subsection (b-3) to give up all future automatic annual
26 increases that are provided under this Article (or under

1 Section 1-160 with respect to service under this Article),
2 beginning on the date of the election all references to such
3 increases in this Article (or under Section 1-160 with respect
4 to service under this Article) shall cease to apply to that
5 person and that person's eligible survivors.

6 With respect to a person who makes an election under
7 subsection (b-4) to give up all future automatic annual
8 increases in a widow's annuity under this Article (or a
9 survivor's annuity under Section 1-160 with respect to service
10 under this Article), beginning on the date of the election all
11 references to such increases in this Article (or under Section
12 1-160) shall cease to apply to that person with respect to that
13 annuity.

14 The provisions of this Section control over any contrary
15 provision of this Article or Section 1-160 that exists on the
16 effective date of this Section.

17 (d) The benefit buyout payment shall be calculated
18 individually for each person making an election under this
19 Section, as of the time of the election, using actuarial
20 assumptions and tables adopted by the Board. The benefit buyout
21 payment shall be equal to 1/3 of the amount by which the
22 present value of all of the unreduced benefits to be affected
23 by the election exceeds the present value of those benefits as
24 reduced by the election. In calculating the present value of
25 affected benefits, the Fund shall consider anticipated future
26 benefit accruals, not just benefit amounts already earned at

1 the time of the election, and where appropriate shall use the
2 same actuarially assumed rates of salary increase, continued
3 employment, and other relevant factors that it uses in
4 determining its funding requirements or actuarial liabilities.

5 (e) To the extent permitted by federal law, a person
6 entitled to receive a benefit buyout payment under this Section
7 may direct the Fund to pay all or a portion of that payment (i)
8 as an immediate cash payment, (ii) in a series of annual
9 payments over a period of up to 5 years, without interest, or
10 (iii) as a rollover into another retirement plan or account
11 qualified under the Internal Revenue Code of 1986, as amended.
12 The Fund shall withhold from the benefit buyout payment any
13 amounts required by law to be withheld for tax purposes.

14 (f) If a person terminates employment and applies for a
15 refund of employee contributions within 5 years after receiving
16 a benefit buyout payment under this Section, the amount of the
17 benefit buyout payment shall be deducted from the refund of
18 employee contributions and retained by the Fund. If the benefit
19 buyout payment was more than the amount of the refund, the
20 excess need not be repaid to the Fund.

21 (g) Upon request, a person shall be provided with written
22 information prepared or prescribed by the Fund, describing the
23 consequences of making an election under this Section. The
24 person shall be offered an opportunity to receive counseling
25 from the Fund before making the election. This counseling may
26 consist of video materials, group presentations, individual

1 consultation with an employee or authorized representative of
2 the Fund in person or by telephone or other electronic means,
3 or any combination of those methods.

4 The information and counseling shall specifically identify
5 the anticipated effects of an election on benefits under the
6 Fund and the Retirement Systems Reciprocal Act, describe
7 benefit buyout payment options, and provide general
8 information about tax withholding, but shall not include
9 specific tax advice.

10 (h) The Fund shall report on the benefit buyout program to
11 the Governor and the General Assembly by March 1, 2015. The
12 report shall indicate the number and percentage of eligible
13 persons who made an election, the types of elections made, the
14 total amount of benefit buyout payments paid, any restrictions
15 on the number of participants or total amount of benefit buyout
16 payments adopted by the Fund, and the anticipated savings to
17 the Fund resulting from the program. The report shall not
18 include any personally identifiable information.

19 (40 ILCS 5/9-133.5 new)

20 Sec. 9-133.5. Benefit buyout program.

21 (a) The Fund shall administer a benefit buyout program in
22 accordance with this Section. Under the program, the Fund will
23 pay a benefit buyout payment to certain persons in exchange for
24 voluntarily making an irrevocable election to accept an
25 increase in the required retirement age or to give up certain

1 automatic annual increases. The benefit buyout payment is a
2 cash payment payable to the person who makes an election under
3 this Section. A person shall not be required to participate in
4 the program or to make any election under this Section.

5 The Fund shall take any actions necessary to ensure that it
6 (i) has in place the necessary administrative and data
7 processing ability to make the calculations and actuarial
8 determinations and to provide the counseling required under
9 this Section and (ii) has available the liquid assets
10 anticipated to be necessary to make the benefit buyout payments
11 promptly when elections are made. To avoid unreasonable strains
12 on its available administrative and financial resources, the
13 Fund may adopt reasonable restrictions on the number of persons
14 who may participate in the program or the total amount of money
15 available for making benefit buyout payments. If such
16 restrictions are adopted, the right of an eligible person to
17 participate in the program shall be determined by the order in
18 which his or her election is made.

19 The Fund shall inform potentially eligible persons about
20 the availability and operation of the program and any
21 restrictions on participation in the program in a factual and
22 objective manner that does not attempt to influence individual
23 decisions.

24 (b) Subject to any restrictions adopted by the Fund,
25 elections under this Section may be made at any time during
26 calendar year 2014. All elections made under this Section must

1 be in writing and are irrevocable.

2 A person against whom there is a QILDRO in effect is
3 ineligible to make an election under this Section, unless all
4 alternate payees under the QILDRO have irrevocably consented in
5 writing to the election and that consent has been filed with
6 the Fund prior to making the election. Benefits payable in
7 whole or in part to an alternate payee under a QILDRO are
8 subject to any applicable election under this Section that (i)
9 the alternate payee has consented to or (ii) occurred before
10 the QILDRO took effect.

11 A person shall not make an election under both subsection
12 (b-1) and subsection (b-2), but a person who makes an election
13 under either of those subsections may also make an election
14 under subsection (b-3). Those elections need not be made at the
15 same time. An eligible person may make an election under
16 subsection (b-3) without making an election under subsection
17 (b-1) or (b-2).

18 (b-1) An eligible person not subject to Section 1-160 who
19 is vested in the right to receive a retirement annuity under
20 this Article but has not yet begun to receive that annuity may
21 voluntarily elect to receive a benefit buyout payment from the
22 Fund in exchange for agreeing to accept an increase of 2 years
23 in whichever of the retirement ages required under this Article
24 applies at the time of retirement. A person who makes this
25 election to increase the required retirement age is not
26 eligible to qualify for a retirement annuity under any set of

1 retirement criteria that does not include a minimum retirement
2 age, other than a retirement benefit based on disability. A
3 person who already meets the lowest applicable increased age
4 requirement is not eligible to make an election under this
5 subsection.

6 (b-2) An eligible person not subject to Section 1-160 who
7 is vested in the right to receive a retirement annuity under
8 this Article but has not yet begun to receive that annuity may
9 voluntarily elect to receive a benefit buyout payment from the
10 Fund in exchange for agreeing to accept an increase of 7 years
11 in whichever of the retirement ages required under this Article
12 applies at the time of retirement. A person who makes this
13 election to increase the required retirement age is not
14 eligible to qualify for a retirement annuity under any set of
15 retirement criteria that does not include a minimum retirement
16 age, other than a retirement benefit based on disability. A
17 person who already meets the lowest applicable increased age
18 requirement is not eligible to make an election under this
19 subsection.

20 (b-3) An eligible person who receives or is vested in the
21 right to receive a retirement annuity under this Article (or
22 under Section 1-160 with respect to service under this Article)
23 may voluntarily elect to receive a benefit buyout payment from
24 the Fund in exchange for agreeing to give up all future
25 automatic annual increases that are provided for under this
26 Article (or under Section 1-160 with respect to service under

1 this Article), including but not limited to automatic annual
2 increases in retirement annuity and in any survivor and
3 disability benefits that may become payable.

4 (b-4) An eligible person who receives a widow's annuity
5 under this Article (or a survivor's annuity under Section 1-160
6 with respect to service under this Article) that is subject to
7 automatic annual increases may voluntarily elect to receive a
8 benefit buyout payment from the Fund in exchange for agreeing
9 to give up all future automatic annual increases that are
10 provided for that annuity under this Article (or under Section
11 1-160).

12 (c) With respect to a person who makes an election under
13 subsection (b-1) or subsection (b-2) to increase the required
14 retirement age, beginning on the date of the election all
15 provisions in this Article (and Article 20 with respect to
16 service under this Article) concerning a retirement age
17 requirement shall be deemed to mean the retirement age
18 requirement as increased by the election.

19 With respect to a person who makes an election under
20 subsection (b-3) to give up all future automatic annual
21 increases that are provided under this Article (or under
22 Section 1-160 with respect to service under this Article),
23 beginning on the date of the election all references to such
24 increases in this Article (or under Section 1-160 with respect
25 to service under this Article) shall cease to apply to that
26 person and that person's eligible survivors.

1 With respect to a person who makes an election under
2 subsection (b-4) to give up all future automatic annual
3 increases in a widow's annuity under this Article (or a
4 survivor's annuity under Section 1-160 with respect to service
5 under this Article), beginning on the date of the election all
6 references to such increases in this Article (or under Section
7 1-160) shall cease to apply to that person with respect to that
8 annuity.

9 The provisions of this Section control over any contrary
10 provision of this Article or Section 1-160 that exists on the
11 effective date of this Section.

12 (d) The benefit buyout payment shall be calculated
13 individually for each person making an election under this
14 Section, as of the time of the election, using actuarial
15 assumptions and tables adopted by the Board. The benefit buyout
16 payment shall be equal to 1/3 of the amount by which the
17 present value of all of the unreduced benefits to be affected
18 by the election exceeds the present value of those benefits as
19 reduced by the election. In calculating the present value of
20 affected benefits, the Fund shall consider anticipated future
21 benefit accruals, not just benefit amounts already earned at
22 the time of the election, and where appropriate shall use the
23 same actuarially assumed rates of salary increase, continued
24 employment, and other relevant factors that it uses in
25 determining its funding requirements or actuarial liabilities.

26 (e) To the extent permitted by federal law, a person

1 entitled to receive a benefit buyout payment under this Section
2 may direct the Fund to pay all or a portion of that payment (i)
3 as an immediate cash payment, (ii) in a series of annual
4 payments over a period of up to 5 years, without interest, or
5 (iii) as a rollover into another retirement plan or account
6 qualified under the Internal Revenue Code of 1986, as amended.
7 The Fund shall withhold from the benefit buyout payment any
8 amounts required by law to be withheld for tax purposes.

9 (f) If a person terminates employment and applies for a
10 refund of employee contributions within 5 years after receiving
11 a benefit buyout payment under this Section, the amount of the
12 benefit buyout payment shall be deducted from the refund of
13 employee contributions and retained by the Fund. If the benefit
14 buyout payment was more than the amount of the refund, the
15 excess need not be repaid to the Fund.

16 (g) Upon request, a person shall be provided with written
17 information prepared or prescribed by the Fund, describing the
18 consequences of making an election under this Section. The
19 person shall be offered an opportunity to receive counseling
20 from the Fund before making the election. This counseling may
21 consist of video materials, group presentations, individual
22 consultation with an employee or authorized representative of
23 the Fund in person or by telephone or other electronic means,
24 or any combination of those methods.

25 The information and counseling shall specifically identify
26 the anticipated effects of an election on benefits under the

1 Fund and the Retirement Systems Reciprocal Act, describe
2 benefit buyout payment options, and provide general
3 information about tax withholding, but shall not include
4 specific tax advice.

5 (h) The Fund shall report on the benefit buyout program to
6 the Governor and the General Assembly by March 1, 2015. The
7 report shall indicate the number and percentage of eligible
8 persons who made an election, the types of elections made, the
9 total amount of benefit buyout payments paid, any restrictions
10 on the number of participants or total amount of benefit buyout
11 payments adopted by the Fund, and the anticipated savings to
12 the Fund resulting from the program. The report shall not
13 include any personally identifiable information.

14 (40 ILCS 5/10-104.6 new)

15 Sec. 10-104.6. Benefit buyout program.

16 (a) The Fund shall administer a benefit buyout program in
17 accordance with this Section. Under the program, the Fund will
18 pay a benefit buyout payment to certain persons in exchange for
19 voluntarily making an irrevocable election to accept an
20 increase in the required retirement age or to give up certain
21 automatic annual increases. The benefit buyout payment is a
22 cash payment payable to the person who makes an election under
23 this Section. A person shall not be required to participate in
24 the program or to make any election under this Section.

25 The Fund shall take any actions necessary to ensure that it

1 (i) has in place the necessary administrative and data
2 processing ability to make the calculations and actuarial
3 determinations and to provide the counseling required under
4 this Section and (ii) has available the liquid assets
5 anticipated to be necessary to make the benefit buyout payments
6 promptly when elections are made. To avoid unreasonable strains
7 on its available administrative and financial resources, the
8 Fund may adopt reasonable restrictions on the number of persons
9 who may participate in the program or the total amount of money
10 available for making benefit buyout payments. If such
11 restrictions are adopted, the right of an eligible person to
12 participate in the program shall be determined by the order in
13 which his or her election is made.

14 The Fund shall inform potentially eligible persons about
15 the availability and operation of the program and any
16 restrictions on participation in the program in a factual and
17 objective manner that does not attempt to influence individual
18 decisions.

19 (b) Subject to any restrictions adopted by the Fund,
20 elections under this Section may be made at any time during
21 calendar year 2014. All elections made under this Section must
22 be in writing and are irrevocable.

23 A person against whom there is a QILDRO in effect is
24 ineligible to make an election under this Section, unless all
25 alternate payees under the QILDRO have irrevocably consented in
26 writing to the election and that consent has been filed with

1 the Fund prior to making the election. Benefits payable in
2 whole or in part to an alternate payee under a QILDRO are
3 subject to any applicable election under this Section that (i)
4 the alternate payee has consented to or (ii) occurred before
5 the QILDRO took effect.

6 A person shall not make an election under both subsection
7 (b-1) and subsection (b-2), but a person who makes an election
8 under either of those subsections may also make an election
9 under subsection (b-3). Those elections need not be made at the
10 same time. An eligible person may make an election under
11 subsection (b-3) without making an election under subsection
12 (b-1) or (b-2).

13 (b-1) An eligible person not subject to Section 1-160 who
14 is vested in the right to receive a retirement annuity under
15 this Article but has not yet begun to receive that annuity may
16 voluntarily elect to receive a benefit buyout payment from the
17 Fund in exchange for agreeing to accept an increase of 2 years
18 in whichever of the retirement ages required under this Article
19 applies at the time of retirement. A person who makes this
20 election to increase the required retirement age is not
21 eligible to qualify for a retirement annuity under any set of
22 retirement criteria that does not include a minimum retirement
23 age, other than a retirement benefit based on disability. A
24 person who already meets the lowest applicable increased age
25 requirement is not eligible to make an election under this
26 subsection.

1 (b-2) An eligible person not subject to Section 1-160 who
2 is vested in the right to receive a retirement annuity under
3 this Article but has not yet begun to receive that annuity may
4 voluntarily elect to receive a benefit buyout payment from the
5 Fund in exchange for agreeing to accept an increase of 7 years
6 in whichever of the retirement ages required under this Article
7 applies at the time of retirement. A person who makes this
8 election to increase the required retirement age is not
9 eligible to qualify for a retirement annuity under any set of
10 retirement criteria that does not include a minimum retirement
11 age, other than a retirement benefit based on disability. A
12 person who already meets the lowest applicable increased age
13 requirement is not eligible to make an election under this
14 subsection.

15 (b-3) An eligible person who receives or is vested in the
16 right to receive a retirement annuity under this Article (or
17 under Section 1-160 with respect to service under this Article)
18 may voluntarily elect to receive a benefit buyout payment from
19 the Fund in exchange for agreeing to give up all future
20 automatic annual increases that are provided for under this
21 Article (or under Section 1-160 with respect to service under
22 this Article), including but not limited to automatic annual
23 increases in retirement annuity and in any survivor and
24 disability benefits that may become payable.

25 (b-4) An eligible person who receives a widow's annuity
26 under this Article (or a survivor's annuity under Section 1-160

1 with respect to service under this Article) that is subject to
2 automatic annual increases may voluntarily elect to receive a
3 benefit buyout payment from the Fund in exchange for agreeing
4 to give up all future automatic annual increases that are
5 provided for that annuity under this Article (or under Section
6 1-160).

7 (c) With respect to a person who makes an election under
8 subsection (b-1) or subsection (b-2) to increase the required
9 retirement age, beginning on the date of the election all
10 provisions in this Article (and Article 20 with respect to
11 service under this Article) concerning a retirement age
12 requirement shall be deemed to mean the retirement age
13 requirement as increased by the election.

14 With respect to a person who makes an election under
15 subsection (b-3) to give up all future automatic annual
16 increases that are provided under this Article (or under
17 Section 1-160 with respect to service under this Article),
18 beginning on the date of the election all references to such
19 increases in this Article (or under Section 1-160 with respect
20 to service under this Article) shall cease to apply to that
21 person and that person's eligible survivors.

22 With respect to a person who makes an election under
23 subsection (b-4) to give up all future automatic annual
24 increases in a widow's annuity under this Article (or a
25 survivor's annuity under Section 1-160 with respect to service
26 under this Article), beginning on the date of the election all

1 references to such increases in this Article (or under Section
2 1-160) shall cease to apply to that person with respect to that
3 annuity.

4 The provisions of this Section control over any contrary
5 provision of this Article or Section 1-160 that exists on the
6 effective date of this Section.

7 (d) The benefit buyout payment shall be calculated
8 individually for each person making an election under this
9 Section, as of the time of the election, using actuarial
10 assumptions and tables adopted by the Board. The benefit buyout
11 payment shall be equal to 1/3 of the amount by which the
12 present value of all of the unreduced benefits to be affected
13 by the election exceeds the present value of those benefits as
14 reduced by the election. In calculating the present value of
15 affected benefits, the Fund shall consider anticipated future
16 benefit accruals, not just benefit amounts already earned at
17 the time of the election, and where appropriate shall use the
18 same actuarially assumed rates of salary increase, continued
19 employment, and other relevant factors that it uses in
20 determining its funding requirements or actuarial liabilities.

21 (e) To the extent permitted by federal law, a person
22 entitled to receive a benefit buyout payment under this Section
23 may direct the Fund to pay all or a portion of that payment (i)
24 as an immediate cash payment, (ii) in a series of annual
25 payments over a period of up to 5 years, without interest, or
26 (iii) as a rollover into another retirement plan or account

1 qualified under the Internal Revenue Code of 1986, as amended.
2 The Fund shall withhold from the benefit buyout payment any
3 amounts required by law to be withheld for tax purposes.

4 (f) If a person terminates employment and applies for a
5 refund of employee contributions within 5 years after receiving
6 a benefit buyout payment under this Section, the amount of the
7 benefit buyout payment shall be deducted from the refund of
8 employee contributions and retained by the Fund. If the benefit
9 buyout payment was more than the amount of the refund, the
10 excess need not be repaid to the Fund.

11 (g) Upon request, a person shall be provided with written
12 information prepared or prescribed by the Fund, describing the
13 consequences of making an election under this Section. The
14 person shall be offered an opportunity to receive counseling
15 from the Fund before making the election. This counseling may
16 consist of video materials, group presentations, individual
17 consultation with an employee or authorized representative of
18 the Fund in person or by telephone or other electronic means,
19 or any combination of those methods.

20 The information and counseling shall specifically identify
21 the anticipated effects of an election on benefits under the
22 Fund and the Retirement Systems Reciprocal Act, describe
23 benefit buyout payment options, and provide general
24 information about tax withholding, but shall not include
25 specific tax advice.

26 (h) The Fund shall report on the benefit buyout program to

1 the Governor and the General Assembly by March 1, 2015. The
2 report shall indicate the number and percentage of eligible
3 persons who made an election, the types of elections made, the
4 total amount of benefit buyout payments paid, any restrictions
5 on the number of participants or total amount of benefit buyout
6 payments adopted by the Fund, and the anticipated savings to
7 the Fund resulting from the program. The report shall not
8 include any personally identifiable information.

9 (40 ILCS 5/11-133.7 new)

10 Sec. 11-133.7. Benefit buyout program.

11 (a) The Fund shall administer a benefit buyout program in
12 accordance with this Section. Under the program, the Fund will
13 pay a benefit buyout payment to certain persons in exchange for
14 voluntarily making an irrevocable election to accept an
15 increase in the required retirement age or to give up certain
16 automatic annual increases. The benefit buyout payment is a
17 cash payment payable to the person who makes an election under
18 this Section. A person shall not be required to participate in
19 the program or to make any election under this Section.

20 The Fund shall take any actions necessary to ensure that it
21 (i) has in place the necessary administrative and data
22 processing ability to make the calculations and actuarial
23 determinations and to provide the counseling required under
24 this Section and (ii) has available the liquid assets
25 anticipated to be necessary to make the benefit buyout payments

1 promptly when elections are made. To avoid unreasonable strains
2 on its available administrative and financial resources, the
3 Fund may adopt reasonable restrictions on the number of persons
4 who may participate in the program or the total amount of money
5 available for making benefit buyout payments. If such
6 restrictions are adopted, the right of an eligible person to
7 participate in the program shall be determined by the order in
8 which his or her election is made.

9 The Fund shall inform potentially eligible persons about
10 the availability and operation of the program and any
11 restrictions on participation in the program in a factual and
12 objective manner that does not attempt to influence individual
13 decisions.

14 (b) Subject to any restrictions adopted by the Fund,
15 elections under this Section may be made at any time during
16 calendar year 2014. All elections made under this Section must
17 be in writing and are irrevocable.

18 A person against whom there is a QILDRO in effect is
19 ineligible to make an election under this Section, unless all
20 alternate payees under the QILDRO have irrevocably consented in
21 writing to the election and that consent has been filed with
22 the Fund prior to making the election. Benefits payable in
23 whole or in part to an alternate payee under a QILDRO are
24 subject to any applicable election under this Section that (i)
25 the alternate payee has consented to or (ii) occurred before
26 the QILDRO took effect.

1 A person shall not make an election under both subsection
2 (b-1) and subsection (b-2), but a person who makes an election
3 under either of those subsections may also make an election
4 under subsection (b-3). Those elections need not be made at the
5 same time. An eligible person may make an election under
6 subsection (b-3) without making an election under subsection
7 (b-1) or (b-2).

8 (b-1) An eligible person not subject to Section 1-160 who
9 is vested in the right to receive a retirement annuity under
10 this Article but has not yet begun to receive that annuity may
11 voluntarily elect to receive a benefit buyout payment from the
12 Fund in exchange for agreeing to accept an increase of 2 years
13 in whichever of the retirement ages required under this Article
14 applies at the time of retirement. A person who makes this
15 election to increase the required retirement age is not
16 eligible to qualify for a retirement annuity under any set of
17 retirement criteria that does not include a minimum retirement
18 age, other than a retirement benefit based on disability. A
19 person who already meets the lowest applicable increased age
20 requirement is not eligible to make an election under this
21 subsection.

22 (b-2) An eligible person not subject to Section 1-160 who
23 is vested in the right to receive a retirement annuity under
24 this Article but has not yet begun to receive that annuity may
25 voluntarily elect to receive a benefit buyout payment from the
26 Fund in exchange for agreeing to accept an increase of 7 years

1 in whichever of the retirement ages required under this Article
2 applies at the time of retirement. A person who makes this
3 election to increase the required retirement age is not
4 eligible to qualify for a retirement annuity under any set of
5 retirement criteria that does not include a minimum retirement
6 age, other than a retirement benefit based on disability. A
7 person who already meets the lowest applicable increased age
8 requirement is not eligible to make an election under this
9 subsection.

10 (b-3) An eligible person who receives or is vested in the
11 right to receive a retirement annuity under this Article (or
12 under Section 1-160 with respect to service under this Article)
13 may voluntarily elect to receive a benefit buyout payment from
14 the Fund in exchange for agreeing to give up all future
15 automatic annual increases that are provided for under this
16 Article (or under Section 1-160 with respect to service under
17 this Article), including but not limited to automatic annual
18 increases in retirement annuity and in any survivor and
19 disability benefits that may become payable.

20 (b-4) An eligible person who receives a widow's annuity
21 under this Article (or a survivor's annuity under Section 1-160
22 with respect to service under this Article) that is subject to
23 automatic annual increases may voluntarily elect to receive a
24 benefit buyout payment from the Fund in exchange for agreeing
25 to give up all future automatic annual increases that are
26 provided for that annuity under this Article (or under Section

1 1-160).

2 (c) With respect to a person who makes an election under
3 subsection (b-1) or subsection (b-2) to increase the required
4 retirement age, beginning on the date of the election all
5 provisions in this Article (and Article 20 with respect to
6 service under this Article) concerning a retirement age
7 requirement shall be deemed to mean the retirement age
8 requirement as increased by the election.

9 With respect to a person who makes an election under
10 subsection (b-3) to give up all future automatic annual
11 increases that are provided under this Article (or under
12 Section 1-160 with respect to service under this Article),
13 beginning on the date of the election all references to such
14 increases in this Article (or under Section 1-160 with respect
15 to service under this Article) shall cease to apply to that
16 person and that person's eligible survivors.

17 With respect to a person who makes an election under
18 subsection (b-4) to give up all future automatic annual
19 increases in a widow's annuity under this Article (or a
20 survivor's annuity under Section 1-160 with respect to service
21 under this Article), beginning on the date of the election all
22 references to such increases in this Article (or under Section
23 1-160) shall cease to apply to that person with respect to that
24 annuity.

25 The provisions of this Section control over any contrary
26 provision of this Article or Section 1-160 that exists on the

1 effective date of this Section.

2 (d) The benefit buyout payment shall be calculated
3 individually for each person making an election under this
4 Section, as of the time of the election, using actuarial
5 assumptions and tables adopted by the Board. The benefit buyout
6 payment shall be equal to 1/3 of the amount by which the
7 present value of all of the unreduced benefits to be affected
8 by the election exceeds the present value of those benefits as
9 reduced by the election. In calculating the present value of
10 affected benefits, the Fund shall consider anticipated future
11 benefit accruals, not just benefit amounts already earned at
12 the time of the election, and where appropriate shall use the
13 same actuarially assumed rates of salary increase, continued
14 employment, and other relevant factors that it uses in
15 determining its funding requirements or actuarial liabilities.

16 (e) To the extent permitted by federal law, a person
17 entitled to receive a benefit buyout payment under this Section
18 may direct the Fund to pay all or a portion of that payment (i)
19 as an immediate cash payment, (ii) in a series of annual
20 payments over a period of up to 5 years, without interest, or
21 (iii) as a rollover into another retirement plan or account
22 qualified under the Internal Revenue Code of 1986, as amended.
23 The Fund shall withhold from the benefit buyout payment any
24 amounts required by law to be withheld for tax purposes.

25 (f) If a person terminates employment and applies for a
26 refund of employee contributions within 5 years after receiving

1 a benefit buyout payment under this Section, the amount of the
2 benefit buyout payment shall be deducted from the refund of
3 employee contributions and retained by the Fund. If the benefit
4 buyout payment was more than the amount of the refund, the
5 excess need not be repaid to the Fund.

6 (g) Upon request, a person shall be provided with written
7 information prepared or prescribed by the Fund, describing the
8 consequences of making an election under this Section. The
9 person shall be offered an opportunity to receive counseling
10 from the Fund before making the election. This counseling may
11 consist of video materials, group presentations, individual
12 consultation with an employee or authorized representative of
13 the Fund in person or by telephone or other electronic means,
14 or any combination of those methods.

15 The information and counseling shall specifically identify
16 the anticipated effects of an election on benefits under the
17 Fund and the Retirement Systems Reciprocal Act, describe
18 benefit buyout payment options, and provide general
19 information about tax withholding, but shall not include
20 specific tax advice.

21 (h) The Fund shall report on the benefit buyout program to
22 the Governor and the General Assembly by March 1, 2015. The
23 report shall indicate the number and percentage of eligible
24 persons who made an election, the types of elections made, the
25 total amount of benefit buyout payments paid, any restrictions
26 on the number of participants or total amount of benefit buyout

1 payments adopted by the Fund, and the anticipated savings to
2 the Fund resulting from the program. The report shall not
3 include any personally identifiable information.

4 (40 ILCS 5/12-129.5 new)

5 Sec. 12-129.5. Benefit buyout program.

6 (a) The Fund shall administer a benefit buyout program in
7 accordance with this Section. Under the program, the Fund will
8 pay a benefit buyout payment to certain persons in exchange for
9 voluntarily making an irrevocable election to accept an
10 increase in the required retirement age or to give up certain
11 automatic annual increases. The benefit buyout payment is a
12 cash payment payable to the person who makes an election under
13 this Section. A person shall not be required to participate in
14 the program or to make any election under this Section.

15 The Fund shall take any actions necessary to ensure that it
16 (i) has in place the necessary administrative and data
17 processing ability to make the calculations and actuarial
18 determinations and to provide the counseling required under
19 this Section and (ii) has available the liquid assets
20 anticipated to be necessary to make the benefit buyout payments
21 promptly when elections are made. To avoid unreasonable strains
22 on its available administrative and financial resources, the
23 Fund may adopt reasonable restrictions on the number of persons
24 who may participate in the program or the total amount of money
25 available for making benefit buyout payments. If such

1 restrictions are adopted, the right of an eligible person to
2 participate in the program shall be determined by the order in
3 which his or her election is made.

4 The Fund shall inform potentially eligible persons about
5 the availability and operation of the program and any
6 restrictions on participation in the program in a factual and
7 objective manner that does not attempt to influence individual
8 decisions.

9 (b) Subject to any restrictions adopted by the Fund,
10 elections under this Section may be made at any time during
11 calendar year 2014. All elections made under this Section must
12 be in writing and are irrevocable.

13 A person against whom there is a QILDRO in effect is
14 ineligible to make an election under this Section, unless all
15 alternate payees under the QILDRO have irrevocably consented in
16 writing to the election and that consent has been filed with
17 the Fund prior to making the election. Benefits payable in
18 whole or in part to an alternate payee under a QILDRO are
19 subject to any applicable election under this Section that (i)
20 the alternate payee has consented to or (ii) occurred before
21 the QILDRO took effect.

22 A person shall not make an election under both subsection
23 (b-1) and subsection (b-2), but a person who makes an election
24 under either of those subsections may also make an election
25 under subsection (b-3). Those elections need not be made at the
26 same time. An eligible person may make an election under

1 subsection (b-3) without making an election under subsection
2 (b-1) or (b-2).

3 (b-1) An eligible person not subject to Section 1-160 who
4 is vested in the right to receive a retirement annuity under
5 this Article but has not yet begun to receive that annuity may
6 voluntarily elect to receive a benefit buyout payment from the
7 Fund in exchange for agreeing to accept an increase of 2 years
8 in whichever of the retirement ages required under this Article
9 applies at the time of retirement. A person who makes this
10 election to increase the required retirement age is not
11 eligible to qualify for a retirement annuity under any set of
12 retirement criteria that does not include a minimum retirement
13 age, other than a retirement benefit based on disability. A
14 person who already meets the lowest applicable increased age
15 requirement is not eligible to make an election under this
16 subsection.

17 (b-2) An eligible person not subject to Section 1-160 who
18 is vested in the right to receive a retirement annuity under
19 this Article but has not yet begun to receive that annuity may
20 voluntarily elect to receive a benefit buyout payment from the
21 Fund in exchange for agreeing to accept an increase of 7 years
22 in whichever of the retirement ages required under this Article
23 applies at the time of retirement. A person who makes this
24 election to increase the required retirement age is not
25 eligible to qualify for a retirement annuity under any set of
26 retirement criteria that does not include a minimum retirement

1 age, other than a retirement benefit based on disability. A
2 person who already meets the lowest applicable increased age
3 requirement is not eligible to make an election under this
4 subsection.

5 (b-3) An eligible person who receives or is vested in the
6 right to receive a retirement annuity under this Article (or
7 under Section 1-160 with respect to service under this Article)
8 may voluntarily elect to receive a benefit buyout payment from
9 the Fund in exchange for agreeing to give up all future
10 automatic annual increases that are provided for under this
11 Article (or under Section 1-160 with respect to service under
12 this Article), including but not limited to automatic annual
13 increases in retirement annuity and in any survivor and
14 disability benefits that may become payable.

15 (b-4) An eligible person who receives a widow's or
16 surviving spouse's annuity under this Article (or a survivor's
17 annuity under Section 1-160 with respect to service under this
18 Article) that is subject to automatic annual increases may
19 voluntarily elect to receive a benefit buyout payment from the
20 Fund in exchange for agreeing to give up all future automatic
21 annual increases that are provided for that annuity under this
22 Article (or under Section 1-160).

23 (c) With respect to a person who makes an election under
24 subsection (b-1) or subsection (b-2) to increase the required
25 retirement age, beginning on the date of the election all
26 provisions in this Article (and Article 20 with respect to

1 service under this Article) concerning a retirement age
2 requirement shall be deemed to mean the retirement age
3 requirement as increased by the election.

4 With respect to a person who makes an election under
5 subsection (b-3) to give up all future automatic annual
6 increases that are provided under this Article (or under
7 Section 1-160 with respect to service under this Article),
8 beginning on the date of the election all references to such
9 increases in this Article (or under Section 1-160 with respect
10 to service under this Article) shall cease to apply to that
11 person and that person's eligible survivors.

12 With respect to a person who makes an election under
13 subsection (b-4) to give up all future automatic annual
14 increases in a widow's or surviving spouse's annuity under this
15 Article (or a survivor's annuity under Section 1-160 with
16 respect to service under this Article), beginning on the date
17 of the election all references to such increases in this
18 Article (or under Section 1-160) shall cease to apply to that
19 person with respect to that annuity.

20 The provisions of this Section control over any contrary
21 provision of this Article or Section 1-160 that exists on the
22 effective date of this Section.

23 (d) The benefit buyout payment shall be calculated
24 individually for each person making an election under this
25 Section, as of the time of the election, using actuarial
26 assumptions and tables adopted by the Board. The benefit buyout

1 payment shall be equal to 1/3 of the amount by which the
2 present value of all of the unreduced benefits to be affected
3 by the election exceeds the present value of those benefits as
4 reduced by the election. In calculating the present value of
5 affected benefits, the Fund shall consider anticipated future
6 benefit accruals, not just benefit amounts already earned at
7 the time of the election, and where appropriate shall use the
8 same actuarially assumed rates of salary increase, continued
9 employment, and other relevant factors that it uses in
10 determining its funding requirements or actuarial liabilities.

11 (e) To the extent permitted by federal law, a person
12 entitled to receive a benefit buyout payment under this Section
13 may direct the Fund to pay all or a portion of that payment (i)
14 as an immediate cash payment, (ii) in a series of annual
15 payments over a period of up to 5 years, without interest, or
16 (iii) as a rollover into another retirement plan or account
17 qualified under the Internal Revenue Code of 1986, as amended.
18 The Fund shall withhold from the benefit buyout payment any
19 amounts required by law to be withheld for tax purposes.

20 (f) If a person terminates employment and applies for a
21 refund of employee contributions within 5 years after receiving
22 a benefit buyout payment under this Section, the amount of the
23 benefit buyout payment shall be deducted from the refund of
24 employee contributions and retained by the Fund. If the benefit
25 buyout payment was more than the amount of the refund, the
26 excess need not be repaid to the Fund.

1 (g) Upon request, a person shall be provided with written
2 information prepared or prescribed by the Fund, describing the
3 consequences of making an election under this Section. The
4 person shall be offered an opportunity to receive counseling
5 from the Fund before making the election. This counseling may
6 consist of video materials, group presentations, individual
7 consultation with an employee or authorized representative of
8 the Fund in person or by telephone or other electronic means,
9 or any combination of those methods.

10 The information and counseling shall specifically identify
11 the anticipated effects of an election on benefits under the
12 Fund and the Retirement Systems Reciprocal Act, describe
13 benefit buyout payment options, and provide general
14 information about tax withholding, but shall not include
15 specific tax advice.

16 (h) The Fund shall report on the benefit buyout program to
17 the Governor and the General Assembly by March 1, 2015. The
18 report shall indicate the number and percentage of eligible
19 persons who made an election, the types of elections made, the
20 total amount of benefit buyout payments paid, any restrictions
21 on the number of participants or total amount of benefit buyout
22 payments adopted by the Fund, and the anticipated savings to
23 the Fund resulting from the program. The report shall not
24 include any personally identifiable information.

1 Sec. 13-316. Benefit buyout program.

2 (a) The Fund shall administer a benefit buyout program in
3 accordance with this Section. Under the program, the Fund will
4 pay a benefit buyout payment to certain persons in exchange for
5 voluntarily making an irrevocable election to accept an
6 increase in the required retirement age or to give up certain
7 automatic annual increases. The benefit buyout payment is a
8 cash payment payable to the person who makes an election under
9 this Section. A person shall not be required to participate in
10 the program or to make any election under this Section.

11 The Fund shall take any actions necessary to ensure that it
12 (i) has in place the necessary administrative and data
13 processing ability to make the calculations and actuarial
14 determinations and to provide the counseling required under
15 this Section and (ii) has available the liquid assets
16 anticipated to be necessary to make the benefit buyout payments
17 promptly when elections are made. To avoid unreasonable strains
18 on its available administrative and financial resources, the
19 Fund may adopt reasonable restrictions on the number of persons
20 who may participate in the program or the total amount of money
21 available for making benefit buyout payments. If such
22 restrictions are adopted, the right of an eligible person to
23 participate in the program shall be determined by the order in
24 which his or her election is made.

25 The Fund shall inform potentially eligible persons about
26 the availability and operation of the program and any

1 restrictions on participation in the program in a factual and
2 objective manner that does not attempt to influence individual
3 decisions.

4 (b) Subject to any restrictions adopted by the Fund,
5 elections under this Section may be made at any time during
6 calendar year 2014. All elections made under this Section must
7 be in writing and are irrevocable.

8 A person against whom there is a QILDRO in effect is
9 ineligible to make an election under this Section, unless all
10 alternate payees under the QILDRO have irrevocably consented in
11 writing to the election and that consent has been filed with
12 the Fund prior to making the election. Benefits payable in
13 whole or in part to an alternate payee under a QILDRO are
14 subject to any applicable election under this Section that (i)
15 the alternate payee has consented to or (ii) occurred before
16 the QILDRO took effect.

17 A person shall not make an election under both subsection
18 (b-1) and subsection (b-2), but a person who makes an election
19 under either of those subsections may also make an election
20 under subsection (b-3). Those elections need not be made at the
21 same time. An eligible person may make an election under
22 subsection (b-3) without making an election under subsection
23 (b-1) or (b-2).

24 (b-1) An eligible person not subject to Section 1-160 who
25 is vested in the right to receive a retirement annuity under
26 this Article but has not yet begun to receive that annuity may

1 voluntarily elect to receive a benefit buyout payment from the
2 Fund in exchange for agreeing to accept an increase of 2 years
3 in whichever of the retirement ages required under this Article
4 applies at the time of retirement. A person who makes this
5 election to increase the required retirement age is not
6 eligible to qualify for a retirement annuity under any set of
7 retirement criteria that does not include a minimum retirement
8 age, other than a retirement benefit based on disability. A
9 person who already meets the lowest applicable increased age
10 requirement is not eligible to make an election under this
11 subsection.

12 (b-2) An eligible person not subject to Section 1-160 who
13 is vested in the right to receive a retirement annuity under
14 this Article but has not yet begun to receive that annuity may
15 voluntarily elect to receive a benefit buyout payment from the
16 Fund in exchange for agreeing to accept an increase of 7 years
17 in whichever of the retirement ages required under this Article
18 applies at the time of retirement. A person who makes this
19 election to increase the required retirement age is not
20 eligible to qualify for a retirement annuity under any set of
21 retirement criteria that does not include a minimum retirement
22 age, other than a retirement benefit based on disability. A
23 person who already meets the lowest applicable increased age
24 requirement is not eligible to make an election under this
25 subsection.

26 (b-3) An eligible person who receives or is vested in the

1 right to receive a retirement annuity under this Article (or
2 under Section 1-160 with respect to service under this Article)
3 may voluntarily elect to receive a benefit buyout payment from
4 the Fund in exchange for agreeing to give up all future
5 automatic annual increases that are provided for under this
6 Article (or under Section 1-160 with respect to service under
7 this Article), including but not limited to automatic annual
8 increases in retirement annuity and in any survivor and
9 disability benefits that may become payable.

10 (b-4) An eligible person who receives a surviving spouse's
11 annuity under this Article (or a survivor's annuity under
12 Section 1-160 with respect to service under this Article) that
13 is subject to automatic annual increases may voluntarily elect
14 to receive a benefit buyout payment from the Fund in exchange
15 for agreeing to give up all future automatic annual increases
16 that are provided for that annuity under this Article (or under
17 Section 1-160).

18 (c) With respect to a person who makes an election under
19 subsection (b-1) or subsection (b-2) to increase the required
20 retirement age, beginning on the date of the election all
21 provisions in this Article (and Article 20 with respect to
22 service under this Article) concerning a retirement age
23 requirement shall be deemed to mean the retirement age
24 requirement as increased by the election.

25 With respect to a person who makes an election under
26 subsection (b-3) to give up all future automatic annual

1 increases that are provided under this Article (or under
2 Section 1-160 with respect to service under this Article),
3 beginning on the date of the election all references to such
4 increases in this Article (or under Section 1-160 with respect
5 to service under this Article) shall cease to apply to that
6 person and that person's eligible survivors.

7 With respect to a person who makes an election under
8 subsection (b-4) to give up all future automatic annual
9 increases in a surviving spouse's annuity under this Article
10 (or a survivor's annuity under Section 1-160 with respect to
11 service under this Article), beginning on the date of the
12 election all references to such increases in this Article (or
13 under Section 1-160) shall cease to apply to that person with
14 respect to that annuity.

15 The provisions of this Section control over any contrary
16 provision of this Article or Section 1-160 that exists on the
17 effective date of this Section.

18 (d) The benefit buyout payment shall be calculated
19 individually for each person making an election under this
20 Section, as of the time of the election, using actuarial
21 assumptions and tables adopted by the Board. The benefit buyout
22 payment shall be equal to 1/3 of the amount by which the
23 present value of all of the unreduced benefits to be affected
24 by the election exceeds the present value of those benefits as
25 reduced by the election. In calculating the present value of
26 affected benefits, the Fund shall consider anticipated future

1 benefit accruals, not just benefit amounts already earned at
2 the time of the election, and where appropriate shall use the
3 same actuarially assumed rates of salary increase, continued
4 employment, and other relevant factors that it uses in
5 determining its funding requirements or actuarial liabilities.

6 (e) To the extent permitted by federal law, a person
7 entitled to receive a benefit buyout payment under this Section
8 may direct the Fund to pay all or a portion of that payment (i)
9 as an immediate cash payment, (ii) in a series of annual
10 payments over a period of up to 5 years, without interest, or
11 (iii) as a rollover into another retirement plan or account
12 qualified under the Internal Revenue Code of 1986, as amended.
13 The Fund shall withhold from the benefit buyout payment any
14 amounts required by law to be withheld for tax purposes.

15 (f) If a person terminates employment and applies for a
16 refund of employee contributions within 5 years after receiving
17 a benefit buyout payment under this Section, the amount of the
18 benefit buyout payment shall be deducted from the refund of
19 employee contributions and retained by the Fund. If the benefit
20 buyout payment was more than the amount of the refund, the
21 excess need not be repaid to the Fund.

22 (g) Upon request, a person shall be provided with written
23 information prepared or prescribed by the Fund, describing the
24 consequences of making an election under this Section. The
25 person shall be offered an opportunity to receive counseling
26 from the Fund before making the election. This counseling may

1 consist of video materials, group presentations, individual
2 consultation with an employee or authorized representative of
3 the Fund in person or by telephone or other electronic means,
4 or any combination of those methods.

5 The information and counseling shall specifically identify
6 the anticipated effects of an election on benefits under the
7 Fund and the Retirement Systems Reciprocal Act, describe
8 benefit buyout payment options, and provide general
9 information about tax withholding, but shall not include
10 specific tax advice.

11 (h) The Fund shall report on the benefit buyout program to
12 the Governor and the General Assembly by March 1, 2015. The
13 report shall indicate the number and percentage of eligible
14 persons who made an election, the types of elections made, the
15 total amount of benefit buyout payments paid, any restrictions
16 on the number of participants or total amount of benefit buyout
17 payments adopted by the Fund, and the anticipated savings to
18 the Fund resulting from the program. The report shall not
19 include any personally identifiable information.

20 (40 ILCS 5/14-108.7 new)

21 Sec. 14-108.7. Benefit buyout program.

22 (a) The System shall administer a benefit buyout program in
23 accordance with this Section. Under the program, the System
24 will pay a benefit buyout payment to certain persons in
25 exchange for voluntarily making an irrevocable election to

1 accept an increase in the required retirement age or to give up
2 certain automatic annual increases. The benefit buyout payment
3 is a cash payment payable to the person who makes an election
4 under this Section. A person shall not be required to
5 participate in the program or to make any election under this
6 Section.

7 The System shall take any actions necessary to ensure that
8 it (i) has in place the necessary administrative and data
9 processing ability to make the calculations and actuarial
10 determinations and to provide the counseling required under
11 this Section and (ii) has available the liquid assets
12 anticipated to be necessary to make the benefit buyout payments
13 promptly when elections are made. To avoid unreasonable strains
14 on its available administrative and financial resources, the
15 System may adopt reasonable restrictions on the number of
16 persons who may participate in the program or the total amount
17 of money available for making benefit buyout payments. If such
18 restrictions are adopted, the right of an eligible person to
19 participate in the program shall be determined by the order in
20 which his or her election is made.

21 The System shall inform potentially eligible persons about
22 the availability and operation of the program and any
23 restrictions on participation in the program in a factual and
24 objective manner that does not attempt to influence individual
25 decisions.

26 (b) Subject to any restrictions adopted by the System,

1 elections under this Section may be made at any time during
2 calendar year 2014. All elections made under this Section must
3 be in writing and are irrevocable.

4 A person against whom there is a QILDRO in effect is
5 ineligible to make an election under this Section, unless all
6 alternate payees under the QILDRO have irrevocably consented in
7 writing to the election and that consent has been filed with
8 the System prior to making the election. Benefits payable in
9 whole or in part to an alternate payee under a QILDRO are
10 subject to any applicable election under this Section that (i)
11 the alternate payee has consented to or (ii) occurred before
12 the QILDRO took effect.

13 A person shall not make an election under both subsection
14 (b-1) and subsection (b-2), but a person who makes an election
15 under either of those subsections may also make an election
16 under subsection (b-3). Those elections need not be made at the
17 same time. An eligible person may make an election under
18 subsection (b-3) without making an election under subsection
19 (b-1) or (b-2).

20 (b-1) An eligible person not subject to Section 1-160 who
21 is vested in the right to receive a retirement annuity under
22 this Article but has not yet begun to receive that annuity may
23 voluntarily elect to receive a benefit buyout payment from the
24 System in exchange for agreeing to accept an increase of 2
25 years in whichever of the retirement ages required under this
26 Article applies at the time of retirement. A person who makes

1 this election to increase the required retirement age is not
2 eligible to qualify for a retirement annuity under the Rule of
3 85 or any set of retirement criteria that does not include a
4 minimum retirement age (including retirement at any age with 35
5 years of service), other than a retirement benefit based on
6 disability. A person who already meets the lowest applicable
7 increased age requirement is not eligible to make an election
8 under this subsection.

9 (b-2) An eligible person not subject to Section 1-160 who
10 is vested in the right to receive a retirement annuity under
11 this Article but has not yet begun to receive that annuity may
12 voluntarily elect to receive a benefit buyout payment from the
13 System in exchange for agreeing to accept an increase of 7
14 years in whichever of the retirement ages required under this
15 Article applies at the time of retirement. A person who makes
16 this election to increase the required retirement age is not
17 eligible to qualify for a retirement annuity under the Rule of
18 85 or any set of retirement criteria that does not include a
19 minimum retirement age (including retirement at any age with 35
20 years of service), other than a retirement benefit based on
21 disability. A person who already meets the lowest applicable
22 increased age requirement is not eligible to make an election
23 under this subsection.

24 (b-3) An eligible person who receives or is vested in the
25 right to receive a retirement annuity under this Article (or
26 under Section 1-160 with respect to service under this Article)

1 may voluntarily elect to receive a benefit buyout payment from
2 the System in exchange for agreeing to give up all future
3 automatic annual increases that are provided for under this
4 Article (or under Section 1-160 with respect to service under
5 this Article), including but not limited to automatic annual
6 increases in retirement annuity and in any survivor and
7 disability benefits that may become payable.

8 (b-4) An eligible person who receives a widow's or
9 survivor's annuity under this Article (or a survivor's annuity
10 under Section 1-160 with respect to service under this Article)
11 that is subject to automatic annual increases may voluntarily
12 elect to receive a benefit buyout payment from the System in
13 exchange for agreeing to give up all future automatic annual
14 increases that are provided for under this Article (or under
15 Section 1-160) with respect to that annuity.

16 (c) With respect to a person who makes an election under
17 subsection (b-1) or subsection (b-2) to increase the required
18 retirement age, beginning on the date of the election (i) all
19 provisions in this Article (and Article 20 with respect to
20 service under this Article) concerning a retirement age
21 requirement shall be deemed to mean the retirement age
22 requirement as increased by the election and (ii) all
23 provisions concerning the Rule of 85 or retirement at any age
24 with 35 years of service shall cease to apply.

25 With respect to a person who makes an election under
26 subsection (b-3) to give up all future automatic annual

1 increases that are provided under this Article (or under
2 Section 1-160 with respect to service under this Article),
3 beginning on the date of the election all references to such
4 increases in this Article (or under Section 1-160 with respect
5 to service under this Article) shall cease to apply to that
6 person and that person's eligible survivors.

7 With respect to a person who makes an election under
8 subsection (b-4) to give up all future automatic annual
9 increases in a widow's or survivor's annuity under this Article
10 (or a survivor's annuity under Section 1-160 with respect to
11 service under this Article), beginning on the date of the
12 election all references to such increases in this Article (or
13 under Section 1-160) shall cease to apply to that person with
14 respect to that annuity.

15 With respect to a person who makes an election under
16 subsection (b-4) to give up all future automatic annual
17 increases that are provided under this Article (or under
18 Section 1-160 with respect to service under this Article),
19 beginning on the date of the election all references to such
20 increases in this Article (or under Section 1-160 with respect
21 to service under this Article) shall cease to apply to that
22 person and to any other persons who may be entitled to all or a
23 portion of that annuity upon the survivor's death or
24 remarriage.

25 The provisions of this Section control over any contrary
26 provision of this Article or Section 1-160 that exists on the

1 effective date of this Section.

2 (d) The benefit buyout payment shall be calculated
3 individually for each person making an election under this
4 Section, as of the time of the election, using actuarial
5 assumptions and tables adopted by the Board. The benefit buyout
6 payment shall be equal to 1/3 of the amount by which the
7 present value of all of the unreduced benefits to be affected
8 by the election exceeds the present value of those benefits as
9 reduced by the election. In calculating the present value of
10 affected benefits, the System shall consider anticipated
11 future benefit accruals, not just benefit amounts already
12 earned at the time of the election, and where appropriate shall
13 use the same actuarially assumed rates of salary increase,
14 continued employment, and other relevant factors that it uses
15 in determining its funding requirements or actuarial
16 liabilities.

17 (e) To the extent permitted by federal law, a person
18 entitled to receive a benefit buyout payment under this Section
19 may direct the System to pay all or a portion of that payment
20 (i) as an immediate cash payment, (ii) in a series of annual
21 payments over a period of up to 5 years, without interest, or
22 (iii) as a rollover into another retirement plan or account
23 qualified under the Internal Revenue Code of 1986, as amended.
24 The System shall withhold from the benefit buyout payment any
25 amounts required by law to be withheld for tax purposes.

26 (f) If a person terminates employment and applies for a

1 refund of employee contributions within 5 years after receiving
2 a benefit buyout payment under this Section, the amount of the
3 benefit buyout payment shall be deducted from the refund of
4 employee contributions and retained by the System. If the
5 benefit buyout payment was more than the amount of the refund,
6 the excess need not be repaid to the System.

7 (g) Upon request, a person shall be provided with written
8 information prepared or prescribed by the System, describing
9 the consequences of making an election under this Section. The
10 person shall be offered an opportunity to receive counseling
11 from the System before making the election. This counseling may
12 consist of video materials, group presentations, individual
13 consultation with an employee or authorized representative of
14 the System in person or by telephone or other electronic means,
15 or any combination of those methods.

16 The information and counseling shall specifically identify
17 the anticipated effects of an election on benefits under the
18 System and the Retirement Systems Reciprocal Act, describe
19 benefit buyout payment options, and provide general
20 information about tax withholding, but shall not include
21 specific tax advice.

22 (h) The System shall report on the benefit buyout program
23 to the Governor and the General Assembly by March 1, 2015. The
24 report shall indicate the number and percentage of eligible
25 persons who made an election, the types of elections made, the
26 total amount of benefit buyout payments paid, any restrictions

1 on the number of participants or total amount of benefit buyout
2 payments adopted by the System, and the anticipated savings to
3 the System resulting from the program. The report shall not
4 include any personally identifiable information.

5 (40 ILCS 5/15-135.5 new)

6 Sec. 15-135.5. Benefit buyout program.

7 (a) The System shall administer a benefit buyout program in
8 accordance with this Section. Under the program, the System
9 will pay a benefit buyout payment to certain persons in
10 exchange for voluntarily making an irrevocable election to
11 accept an increase in the required retirement age or to give up
12 certain automatic annual increases. The benefit buyout payment
13 is a cash payment payable to the person who makes an election
14 under this Section. A person shall not be required to
15 participate in the program or to make any election under this
16 Section.

17 The System shall take any actions necessary to ensure that
18 it (i) has in place the necessary administrative and data
19 processing ability to make the calculations and actuarial
20 determinations and to provide the counseling required under
21 this Section and (ii) has available the liquid assets
22 anticipated to be necessary to make the benefit buyout payments
23 promptly when elections are made. To avoid unreasonable strains
24 on its available administrative and financial resources, the
25 System may adopt reasonable restrictions on the number of

1 persons who may participate in the program or the total amount
2 of money available for making benefit buyout payments. If such
3 restrictions are adopted, the right of an eligible person to
4 participate in the program shall be determined by the order in
5 which his or her election is made.

6 The System shall inform potentially eligible persons about
7 the availability and operation of the program and any
8 restrictions on participation in the program in a factual and
9 objective manner that does not attempt to influence individual
10 decisions.

11 (b) Subject to any restrictions adopted by the System,
12 elections under this Section may be made at any time during
13 calendar year 2014. All elections made under this Section must
14 be in writing and are irrevocable.

15 A person who participates in the self-managed plan under
16 Section 15-158.2 is ineligible to make an election under this
17 Section.

18 A person against whom there is a QILDRO in effect is
19 ineligible to make an election under this Section, unless all
20 alternate payees under the QILDRO have irrevocably consented in
21 writing to the election and that consent has been filed with
22 the System prior to making the election. Benefits payable in
23 whole or in part to an alternate payee under a QILDRO are
24 subject to any applicable election under this Section that (i)
25 the alternate payee has consented to or (ii) occurred before
26 the QILDRO took effect.

1 A person shall not make an election under both subsection
2 (b-1) and subsection (b-2), but a person who makes an election
3 under either of those subsections may also make an election
4 under subsection (b-3). Those elections need not be made at the
5 same time. An eligible person may make an election under
6 subsection (b-3) without making an election under subsection
7 (b-1) or (b-2).

8 (b-1) An eligible person not subject to Section 1-160 who
9 is vested in the right to receive a retirement annuity under
10 this Article but has not yet begun to receive that annuity may
11 voluntarily elect to receive a benefit buyout payment from the
12 System in exchange for agreeing to accept an increase of 2
13 years in whichever of the retirement ages required under this
14 Article applies at the time of retirement. A person who makes
15 this election to increase the required retirement age is not
16 eligible to qualify for a retirement annuity under any set of
17 retirement criteria that does not include a minimum retirement
18 age (including retirement at any age with 30 years of service),
19 other than a retirement benefit based on disability, and is not
20 eligible to avoid any reduction in retirement annuity due to
21 age by having at least 30 years of service or meeting the Rule
22 of 85. A person who already meets the lowest applicable
23 increased age requirement is not eligible to make an election
24 under this subsection.

25 (b-2) An eligible person not subject to Section 1-160 who
26 is vested in the right to receive a retirement annuity under

1 this Article but has not yet begun to receive that annuity may
2 voluntarily elect to receive a benefit buyout payment from the
3 System in exchange for agreeing to accept an increase of 7
4 years in whichever of the retirement ages required under this
5 Article applies at the time of retirement. A person who makes
6 this election to increase the required retirement age is not
7 eligible to qualify for a retirement annuity under any set of
8 retirement criteria that does not include a minimum retirement
9 age (including retirement at any age with 30 years of service),
10 other than a retirement benefit based on disability, and is not
11 eligible to avoid any reduction in retirement annuity due to
12 age by having at least 30 years of service or meeting the Rule
13 of 85. A person who already meets the lowest applicable
14 increased age requirement is not eligible to make an election
15 under this subsection.

16 (b-3) An eligible person who receives or is vested in the
17 right to receive a retirement annuity under this Article (or
18 under Section 1-160 with respect to service under this Article)
19 may voluntarily elect to receive a benefit buyout payment from
20 the System in exchange for agreeing to give up all future
21 automatic annual increases that are provided for under this
22 Article (or under Section 1-160 with respect to service under
23 this Article), including but not limited to automatic annual
24 increases in retirement annuity and in any survivor and
25 disability benefits that may become payable.

26 (b-4) An eligible person who receives a survivors insurance

1 benefit under this Article (or a survivor's annuity under
2 Section 1-160 with respect to service under this Article) that
3 is subject to automatic annual increases may voluntarily elect
4 to receive a benefit buyout payment from the System in exchange
5 for agreeing to give up all future automatic annual increases
6 that are provided for under this Article (or under Section
7 1-160) with respect to that benefit or annuity.

8 (c) With respect to a person who makes an election under
9 subsection (b-1) or subsection (b-2) to increase the required
10 retirement age, beginning on the date of the election (i) all
11 provisions in this Article (and Article 20 with respect to
12 service under this Article) concerning a retirement age
13 requirement shall be deemed to mean the retirement age
14 requirement as increased by the election and (ii) all
15 provisions concerning retirement at any age with 30 years of
16 service and avoidance of the reduction in retirement annuity
17 because of age provided for certain persons who have at least
18 30 years of service shall cease to apply.

19 With respect to a person who makes an election under
20 subsection (b-3) to give up all future automatic annual
21 increases that are provided under this Article (or under
22 Section 1-160 with respect to service under this Article),
23 beginning on the date of the election all references to such
24 increases in this Article (or under Section 1-160 with respect
25 to service under this Article) shall cease to apply to that
26 person and that person's eligible survivors.

1 With respect to a person who makes an election under
2 subsection (b-4) to give up all future automatic annual
3 increases in a survivors insurance benefit under this Article
4 (or a survivor's annuity under Section 1-160 with respect to
5 service under this Article), beginning on the date of the
6 election all references to such increases in this Article (or
7 under Section 1-160) shall cease to apply to that person with
8 respect to that benefit or annuity.

9 The provisions of this Section control over any contrary
10 provision of this Article or Section 1-160 that exists on the
11 effective date of this Section.

12 (d) The benefit buyout payment shall be calculated
13 individually for each person making an election under this
14 Section, as of the time of the election, using actuarial
15 assumptions and tables adopted by the Board. The benefit buyout
16 payment shall be equal to 1/3 of the amount by which the
17 present value of all of the unreduced benefits to be affected
18 by the election exceeds the present value of those benefits as
19 reduced by the election. In calculating the present value of
20 affected benefits, the System shall consider anticipated
21 future benefit accruals, not just benefit amounts already
22 earned at the time of the election, and where appropriate shall
23 use the same actuarially assumed rates of salary increase,
24 continued employment, and other relevant factors that it uses
25 in determining its funding requirements or actuarial
26 liabilities.

1 (e) To the extent permitted by federal law, a person
2 entitled to receive a benefit buyout payment under this Section
3 may direct the System to pay all or a portion of that payment
4 (i) as an immediate cash payment, (ii) in a series of annual
5 payments over a period of up to 5 years, without interest, or
6 (iii) as a rollover into another retirement plan or account
7 qualified under the Internal Revenue Code of 1986, as amended.
8 The System shall withhold from the benefit buyout payment any
9 amounts required by law to be withheld for tax purposes.

10 (f) If a person terminates employment and applies for a
11 refund of employee contributions within 5 years after receiving
12 a benefit buyout payment under this Section, the amount of the
13 benefit buyout payment shall be deducted from the refund of
14 employee contributions and retained by the System. If the
15 benefit buyout payment was more than the amount of the refund,
16 the excess need not be repaid to the System.

17 (g) Upon request, a person shall be provided with written
18 information prepared or prescribed by the System, describing
19 the consequences of making an election under this Section. The
20 person shall be offered an opportunity to receive counseling
21 from the System before making the election. This counseling may
22 consist of video materials, group presentations, individual
23 consultation with an employee or authorized representative of
24 the System in person or by telephone or other electronic means,
25 or any combination of those methods.

26 The information and counseling shall specifically identify

1 the anticipated effects of an election on benefits under the
2 System and the Retirement Systems Reciprocal Act, describe
3 benefit buyout payment options, and provide general
4 information about tax withholding, but shall not include
5 specific tax advice.

6 (h) The System shall report on the benefit buyout program
7 to the Governor and the General Assembly by March 1, 2015. The
8 report shall indicate the number and percentage of eligible
9 persons who made an election, the types of elections made, the
10 total amount of benefit buyout payments paid, any restrictions
11 on the number of participants or total amount of benefit buyout
12 payments adopted by the System, and the anticipated savings to
13 the System resulting from the program. The report shall not
14 include any personally identifiable information.

15 (40 ILCS 5/16-133.8 new)

16 Sec. 16-133.8. Benefit buyout program.

17 (a) The System shall administer a benefit buyout program in
18 accordance with this Section. Under the program, the System
19 will pay a benefit buyout payment to certain persons in
20 exchange for voluntarily making an irrevocable election to
21 accept an increase in the required retirement age or to give up
22 certain automatic annual increases. The benefit buyout payment
23 is a cash payment payable to the person who makes an election
24 under this Section. A person shall not be required to
25 participate in the program or to make any election under this

1 Section.

2 The System shall take any actions necessary to ensure that
3 it (i) has in place the necessary administrative and data
4 processing ability to make the calculations and actuarial
5 determinations and to provide the counseling required under
6 this Section and (ii) has available the liquid assets
7 anticipated to be necessary to make the benefit buyout payments
8 promptly when elections are made. To avoid unreasonable strains
9 on its available administrative and financial resources, the
10 System may adopt reasonable restrictions on the number of
11 persons who may participate in the program or the total amount
12 of money available for making benefit buyout payments. If such
13 restrictions are adopted, the right of an eligible person to
14 participate in the program shall be determined by the order in
15 which his or her election is made.

16 The System shall inform potentially eligible persons about
17 the availability and operation of the program and any
18 restrictions on participation in the program in a factual and
19 objective manner that does not attempt to influence individual
20 decisions.

21 (b) Subject to any restrictions adopted by the System,
22 elections under this Section may be made at any time during
23 calendar year 2014. All elections made under this Section must
24 be in writing and are irrevocable.

25 A person against whom there is a QILDRO in effect is
26 ineligible to make an election under this Section, unless all

1 alternate payees under the QILDRO have irrevocably consented in
2 writing to the election and that consent has been filed with
3 the System prior to making the election. Benefits payable in
4 whole or in part to an alternate payee under a QILDRO are
5 subject to any applicable election under this Section that (i)
6 the alternate payee has consented to or (ii) occurred before
7 the QILDRO took effect.

8 A person shall not make an election under both subsection
9 (b-1) and subsection (b-2), but a person who makes an election
10 under either of those subsections may also make an election
11 under subsection (b-3). Those elections need not be made at the
12 same time. An eligible person may make an election under
13 subsection (b-3) without making an election under subsection
14 (b-1) or (b-2).

15 (b-1) An eligible person not subject to Section 1-160 who
16 is vested in the right to receive a retirement annuity under
17 this Article but has not yet begun to receive that annuity may
18 voluntarily elect to receive a benefit buyout payment from the
19 System in exchange for agreeing to accept an increase of 2
20 years in whichever of the retirement ages required under this
21 Article applies at the time of retirement. A person who makes
22 this election to increase the required retirement age is not
23 eligible to qualify for a retirement annuity under any set of
24 retirement criteria that does not include a minimum retirement
25 age, other than a retirement benefit based on disability, and
26 is not eligible to avoid any reduction in retirement annuity

1 due to age by having at least 35 years of service or meeting
2 the Rule of 85. A person who already meets the lowest
3 applicable increased age requirement is not eligible to make an
4 election under this subsection.

5 (b-2) An eligible person not subject to Section 1-160 who
6 is vested in the right to receive a retirement annuity under
7 this Article but has not yet begun to receive that annuity may
8 voluntarily elect to receive a benefit buyout payment from the
9 System in exchange for agreeing to accept an increase of 7
10 years in whichever of the retirement ages required under this
11 Article applies at the time of retirement. A person who makes
12 this election to increase the required retirement age is not
13 eligible to qualify for a retirement annuity under any set of
14 retirement criteria that does not include a minimum retirement
15 age, other than a retirement benefit based on disability, and
16 is not eligible to avoid any reduction in retirement annuity
17 due to age by having at least 35 years of service or meeting
18 the Rule of 85. A person who already meets the lowest
19 applicable increased age requirement is not eligible to make an
20 election under this subsection.

21 (b-3) An eligible person who receives or is vested in the
22 right to receive a retirement annuity under this Article (or
23 under Section 1-160 with respect to service under this Article)
24 may voluntarily elect to receive a benefit buyout payment from
25 the System in exchange for agreeing to give up all future
26 automatic annual increases that are provided for under this

1 Article (or under Section 1-160 with respect to service under
2 this Article), including but not limited to automatic annual
3 increases in retirement annuity and in any survivor and
4 disability benefits that may become payable.

5 (b-4) An eligible person who receives a survivors' benefit
6 under this Article (or a survivor's annuity under Section 1-160
7 with respect to service under this Article) that is subject to
8 automatic annual increases may voluntarily elect to receive a
9 benefit buyout payment from the System in exchange for agreeing
10 to give up all future automatic annual increases that are
11 provided for under this Article (or under Section 1-160) with
12 respect to that benefit or annuity.

13 (c) With respect to a person who makes an election under
14 subsection (b-1) or subsection (b-2) to increase the required
15 retirement age, beginning on the date of the election (i) all
16 provisions in this Article (and Article 20 with respect to
17 service under this Article) concerning a retirement age
18 requirement shall be deemed to mean the retirement age
19 requirement as increased by the election and (ii) all
20 provisions concerning avoidance of the reduction in retirement
21 annuity because of age provided for certain persons who have 35
22 years of service or meet the Rule of 85 shall cease to apply.

23 With respect to a person who makes an election under
24 subsection (b-3) to give up all future automatic annual
25 increases that are provided under this Article (or under
26 Section 1-160 with respect to service under this Article),

1 beginning on the date of the election all references to such
2 increases in this Article (or under Section 1-160 with respect
3 to service under this Article) shall cease to apply to that
4 person and that person's eligible survivors.

5 With respect to a person who makes an election under
6 subsection (b-4) to give up all future automatic annual
7 increases in a survivors' benefit under this Article (or a
8 survivor's annuity under Section 1-160 with respect to service
9 under this Article), beginning on the date of the election all
10 references to such increases in this Article (or under Section
11 1-160) shall cease to apply to that person with respect to that
12 benefit or annuity.

13 The provisions of this Section control over any contrary
14 provision of this Article that exists on the effective date of
15 this Section.

16 (d) The benefit buyout payment shall be calculated
17 individually for each person making an election under this
18 Section, as of the time of the election, using actuarial
19 assumptions and tables adopted by the Board. The benefit buyout
20 payment shall be equal to 1/3 of the amount by which the
21 present value of all of the unreduced benefits to be affected
22 by the election exceeds the present value of those benefits as
23 reduced by the election. In calculating the present value of
24 affected benefits, the System shall consider anticipated
25 future benefit accruals, not just benefit amounts already
26 earned at the time of the election, and where appropriate shall

1 use the same actuarially assumed rates of salary increase,
2 continued employment, and other relevant factors that it uses
3 in determining its funding requirements or actuarial
4 liabilities.

5 (e) To the extent permitted by federal law, a person
6 entitled to receive a benefit buyout payment under this Section
7 may direct the System to pay all or a portion of that payment
8 (i) as an immediate cash payment, (ii) in a series of annual
9 payments over a period of up to 5 years, without interest, or
10 (iii) as a rollover into another retirement plan or account
11 qualified under the Internal Revenue Code of 1986, as amended.
12 The System shall withhold from the benefit buyout payment any
13 amounts required by law to be withheld for tax purposes.

14 (f) If a person terminates employment and applies for a
15 refund of employee contributions within 5 years after receiving
16 a benefit buyout payment under this Section, the amount of the
17 benefit buyout payment shall be deducted from the refund of
18 employee contributions and retained by the System. If the
19 benefit buyout payment was more than the amount of the refund,
20 the excess need not be repaid to the System.

21 (g) Upon request, a person shall be provided with written
22 information prepared or prescribed by the System, describing
23 the consequences of making an election under this Section. The
24 person shall be offered an opportunity to receive counseling
25 from the System before making the election. This counseling may
26 consist of video materials, group presentations, individual

1 consultation with an employee or authorized representative of
2 the System in person or by telephone or other electronic means,
3 or any combination of those methods.

4 The information and counseling shall specifically identify
5 the anticipated effects of an election on benefits under the
6 System and the Retirement Systems Reciprocal Act, describe
7 benefit buyout payment options, and provide general
8 information about tax withholding, but shall not include
9 specific tax advice.

10 (h) The System shall report on the benefit buyout program
11 to the Governor and the General Assembly by March 1, 2015. The
12 report shall indicate the number and percentage of eligible
13 persons who made an election, the types of elections made, the
14 total amount of benefit buyout payments paid, any restrictions
15 on the number of participants or total amount of benefit buyout
16 payments adopted by the System, and the anticipated savings to
17 the System resulting from the program. The report shall not
18 include any personally identifiable information.

19 (40 ILCS 5/17-115.5 new)

20 Sec. 17-115.5. Benefit buyout program.

21 (a) The Fund shall administer a benefit buyout program in
22 accordance with this Section. Under the program, the Fund will
23 pay a benefit buyout payment to certain persons in exchange for
24 voluntarily making an irrevocable election to accept an
25 increase in the required retirement age or to give up certain

1 automatic annual increases. The benefit buyout payment is a
2 cash payment payable to the person who makes an election under
3 this Section. A person shall not be required to participate in
4 the program or to make any election under this Section.

5 The Fund shall take any actions necessary to ensure that it
6 (i) has in place the necessary administrative and data
7 processing ability to make the calculations and actuarial
8 determinations and to provide the counseling required under
9 this Section and (ii) has available the liquid assets
10 anticipated to be necessary to make the benefit buyout payments
11 promptly when elections are made. To avoid unreasonable strains
12 on its available administrative and financial resources, the
13 Fund may adopt reasonable restrictions on the number of persons
14 who may participate in the program or the total amount of money
15 available for making benefit buyout payments. If such
16 restrictions are adopted, the right of an eligible person to
17 participate in the program shall be determined by the order in
18 which his or her election is made.

19 The Fund shall inform potentially eligible persons about
20 the availability and operation of the program and any
21 restrictions on participation in the program in a factual and
22 objective manner that does not attempt to influence individual
23 decisions.

24 (b) Subject to any restrictions adopted by the Fund,
25 elections under this Section may be made at any time during
26 calendar year 2014. All elections made under this Section must

1 be in writing and are irrevocable.

2 A person against whom there is a QILDRO in effect is
3 ineligible to make an election under this Section, unless all
4 alternate payees under the QILDRO have irrevocably consented in
5 writing to the election and that consent has been filed with
6 the Fund prior to making the election. Benefits payable in
7 whole or in part to an alternate payee under a QILDRO are
8 subject to any applicable election under this Section that (i)
9 the alternate payee has consented to or (ii) occurred before
10 the QILDRO took effect.

11 A person shall not make an election under both subsection
12 (b-1) and subsection (b-2), but a person who makes an election
13 under either of those subsections may also make an election
14 under subsection (b-3). Those elections need not be made at the
15 same time. An eligible person may make an election under
16 subsection (b-3) without making an election under subsection
17 (b-1) or (b-2).

18 (b-1) An eligible person not subject to Section 1-160 who
19 is vested in the right to receive a service retirement pension
20 under this Article but has not yet begun to receive that
21 pension may voluntarily elect to receive a benefit buyout
22 payment from the Fund in exchange for agreeing to accept an
23 increase of 2 years in whichever of the retirement ages
24 required under this Article applies at the time of retirement.
25 A person who makes this election to increase the required
26 retirement age is not eligible to qualify for a retirement

1 pension under any set of retirement criteria that does not
2 include a minimum retirement age, other than a retirement
3 benefit based on disability. A person who already meets the
4 lowest applicable increased age requirement is not eligible to
5 make an election under this subsection.

6 (b-2) An eligible person not subject to Section 1-160 who
7 is vested in the right to receive a service retirement pension
8 under this Article but has not yet begun to receive that
9 pension may voluntarily elect to receive a benefit buyout
10 payment from the Fund in exchange for agreeing to accept an
11 increase of 7 years in whichever of the retirement ages
12 required under this Article applies at the time of retirement.
13 A person who makes this election to increase the required
14 retirement age is not eligible to qualify for a retirement
15 pension under any set of retirement criteria that does not
16 include a minimum retirement age, other than a retirement
17 benefit based on disability. A person who already meets the
18 lowest applicable increased age requirement is not eligible to
19 make an election under this subsection.

20 (b-3) An eligible person who receives or is vested in the
21 right to receive a service retirement pension under this
22 Article (or a retirement annuity under Section 1-160 with
23 respect to service under this Article) may voluntarily elect to
24 receive a benefit buyout payment from the Fund in exchange for
25 agreeing to give up all future automatic annual increases that
26 are provided for under this Article (or under Section 1-160

1 with respect to service under this Article), including but not
2 limited to automatic annual increases in service retirement
3 pension or retirement annuity and in any survivor and
4 disability benefits that may become payable.

5 (b-4) An eligible person who receives a survivor's pension
6 under this Article (or a survivor's annuity under Section 1-160
7 with respect to service under this Article) that is subject to
8 automatic annual increases may voluntarily elect to receive a
9 benefit buyout payment from the Fund in exchange for agreeing
10 to give up all future automatic annual increases that are
11 provided for that pension or annuity under this Article (or
12 under Section 1-160).

13 (c) With respect to a person who makes an election under
14 subsection (b-1) or subsection (b-2) to increase the required
15 retirement age, beginning on the date of the election all
16 provisions in this Article (and Article 20 with respect to
17 service under this Article) concerning a retirement age
18 requirement shall be deemed to mean the retirement age
19 requirement as increased by the election.

20 With respect to a person who makes an election under
21 subsection (b-3) to give up all future automatic annual
22 increases that are provided under this Article (or under
23 Section 1-160 with respect to service under this Article),
24 beginning on the date of the election all references to such
25 increases in this Article (or under Section 1-160 with respect
26 to service under this Article) shall cease to apply to that

1 person and that person's eligible survivors.

2 With respect to a person who makes an election under
3 subsection (b-4) to give up all future automatic annual
4 increases in a survivor's pension under this Article (or a
5 survivor's annuity under Section 1-160 with respect to service
6 under this Article), beginning on the date of the election all
7 references to such increases in this Article (or under Section
8 1-160) shall cease to apply to that person with respect to that
9 pension or annuity.

10 The provisions of this Section control over any contrary
11 provision of this Article or Section 1-160 that exists on the
12 effective date of this Section.

13 (d) The benefit buyout payment shall be calculated
14 individually for each person making an election under this
15 Section, as of the time of the election, using actuarial
16 assumptions and tables adopted by the Board. The benefit buyout
17 payment shall be equal to 1/3 of the amount by which the
18 present value of all of the unreduced benefits to be affected
19 by the election exceeds the present value of those benefits as
20 reduced by the election. In calculating the present value of
21 affected benefits, the Fund shall consider anticipated future
22 benefit accruals, not just benefit amounts already earned at
23 the time of the election, and where appropriate shall use the
24 same actuarially assumed rates of salary increase, continued
25 employment, and other relevant factors that it uses in
26 determining its funding requirements or actuarial liabilities.

1 (e) To the extent permitted by federal law, a person
2 entitled to receive a benefit buyout payment under this Section
3 may direct the Fund to pay all or a portion of that payment (i)
4 as an immediate cash payment, (ii) in a series of annual
5 payments over a period of up to 5 years, without interest, or
6 (iii) as a rollover into another retirement plan or account
7 qualified under the Internal Revenue Code of 1986, as amended.
8 The Fund shall withhold from the benefit buyout payment any
9 amounts required by law to be withheld for tax purposes.

10 (f) If a person terminates employment and applies for a
11 refund of employee contributions within 5 years after receiving
12 a benefit buyout payment under this Section, the amount of the
13 benefit buyout payment shall be deducted from the refund of
14 employee contributions and retained by the Fund. If the benefit
15 buyout payment was more than the amount of the refund, the
16 excess need not be repaid to the Fund.

17 (g) Upon request, a person shall be provided with written
18 information prepared or prescribed by the Fund, describing the
19 consequences of making an election under this Section. The
20 person shall be offered an opportunity to receive counseling
21 from the Fund before making the election. This counseling may
22 consist of video materials, group presentations, individual
23 consultation with an employee or authorized representative of
24 the Fund in person or by telephone or other electronic means,
25 or any combination of those methods.

26 The information and counseling shall specifically identify

1 the anticipated effects of an election on benefits under the
2 Fund and the Retirement Systems Reciprocal Act, describe
3 benefit buyout payment options, and provide general
4 information about tax withholding, but shall not include
5 specific tax advice.

6 (h) The Fund shall report on the benefit buyout program to
7 the Governor and the General Assembly by March 1, 2015. The
8 report shall indicate the number and percentage of eligible
9 persons who made an election, the types of elections made, the
10 total amount of benefit buyout payments paid, any restrictions
11 on the number of participants or total amount of benefit buyout
12 payments adopted by the Fund, and the anticipated savings to
13 the Fund resulting from the program. The report shall not
14 include any personally identifiable information.

15 (40 ILCS 5/18-123.5 new)

16 Sec. 18-123.5. Benefit buyout program.

17 (a) The System shall administer a benefit buyout program in
18 accordance with this Section. Under the program, the System
19 will pay a benefit buyout payment to certain persons in
20 exchange for voluntarily making an irrevocable election to
21 accept an increase in the required retirement age or to give up
22 certain automatic annual increases. The benefit buyout payment
23 is a cash payment payable to the person who makes an election
24 under this Section. A person shall not be required to
25 participate in the program or to make any election under this

1 Section.

2 The System shall take any actions necessary to ensure that
3 it (i) has in place the necessary administrative and data
4 processing ability to make the calculations and actuarial
5 determinations and to provide the counseling required under
6 this Section and (ii) has available the liquid assets
7 anticipated to be necessary to make the benefit buyout payments
8 promptly when elections are made. To avoid unreasonable strains
9 on its available administrative and financial resources, the
10 System may adopt reasonable restrictions on the number of
11 persons who may participate in the program or the total amount
12 of money available for making benefit buyout payments. If such
13 restrictions are adopted, the right of an eligible person to
14 participate in the program shall be determined by the order in
15 which his or her election is made.

16 The System shall inform potentially eligible persons about
17 the availability and operation of the program and any
18 restrictions on participation in the program in a factual and
19 objective manner that does not attempt to influence individual
20 decisions.

21 (b) Subject to any restrictions adopted by the System,
22 elections under this Section may be made at any time during
23 calendar year 2014. All elections made under this Section must
24 be in writing and are irrevocable.

25 A person against whom there is a QILDRO in effect is
26 ineligible to make an election under this Section, unless all

1 alternate payees under the QILDRO have irrevocably consented in
2 writing to the election and that consent has been filed with
3 the System prior to making the election. Benefits payable in
4 whole or in part to an alternate payee under a QILDRO are
5 subject to any applicable election under this Section that (i)
6 the alternate payee has consented to or (ii) occurred before
7 the QILDRO took effect.

8 A person shall not make an election under both subsection
9 (b-1) and subsection (b-2), but a person who makes an election
10 under either of those subsections may also make an election
11 under subsection (b-3). Those elections need not be made at the
12 same time. An eligible person may make an election under
13 subsection (b-3) without making an election under subsection
14 (b-1) or (b-2).

15 (b-1) An eligible person who first became a participant of
16 this System before January 1, 2011 and who is vested in the
17 right to receive a retirement annuity under this Article but
18 has not yet begun to receive that annuity may voluntarily elect
19 to receive a benefit buyout payment from the System in exchange
20 for agreeing to accept an increase of 2 years in whichever of
21 the retirement ages required under this Article applies at the
22 time of retirement. A person who makes this election to
23 increase the required retirement age is not eligible to qualify
24 for a retirement annuity under any set of retirement criteria
25 that does not include a minimum retirement age, other than a
26 retirement benefit based on disability. A person who already

1 meets the lowest applicable increased age requirement is not
2 eligible to make an election under this subsection.

3 (b-2) An eligible person who first became a participant of
4 this System before January 1, 2011 and who is vested in the
5 right to receive a retirement annuity under this Article but
6 has not yet begun to receive that annuity may voluntarily elect
7 to receive a benefit buyout payment from the System in exchange
8 for agreeing to accept an increase of 7 years in whichever of
9 the retirement ages required under this Article applies at the
10 time of retirement. A person who makes this election to
11 increase the required retirement age is not eligible to qualify
12 for a retirement annuity under any set of retirement criteria
13 that does not include a minimum retirement age, other than a
14 retirement benefit based on disability. A person who already
15 meets the lowest applicable increased age requirement is not
16 eligible to make an election under this subsection.

17 (b-3) An eligible person who receives or is vested in the
18 right to receive a retirement annuity under this Article may
19 voluntarily elect to receive a benefit buyout payment from the
20 System in exchange for agreeing to give up all future automatic
21 annual increases that are provided for under this Article,
22 including but not limited to automatic annual increases in
23 retirement annuity and in any survivor and disability benefits
24 that may become payable.

25 (b-4) An eligible person who receives a survivor's annuity
26 subject to automatic annual increases under this Article may

1 voluntarily elect to receive a benefit buyout payment from the
2 System in exchange for agreeing to give up all future automatic
3 annual increases that are provided for that annuity under this
4 Article.

5 (c) With respect to a person who makes an election under
6 subsection (b-1) or subsection (b-2) to increase the required
7 retirement age, beginning on the date of the election all
8 provisions in this Article (and Article 20 with respect to
9 service under this Article) concerning a retirement age
10 requirement shall be deemed to mean the retirement age
11 requirement as increased by the election.

12 With respect to a person who makes an election under
13 subsection (b-3) to give up all future automatic annual
14 increases that are provided under this Article, beginning on
15 the date of the election all references to such increases in
16 this Article shall cease to apply to that person and that
17 person's eligible survivors.

18 With respect to a person who makes an election under
19 subsection (b-4) to give up all future automatic annual
20 increases in survivor's annuity that are provided under this
21 Article, beginning on the date of the election all references
22 to such increases in this Article shall cease to apply to that
23 person with respect to that annuity.

24 The provisions of this Section control over any contrary
25 provision of this Article that exists on the effective date of
26 this Section.

1 (d) The benefit buyout payment shall be calculated
2 individually for each person making an election under this
3 Section, as of the time of the election, using actuarial
4 assumptions and tables adopted by the Board. The benefit buyout
5 payment shall be equal to 1/3 of the amount by which the
6 present value of all of the unreduced benefits to be affected
7 by the election exceeds the present value of those benefits as
8 reduced by the election. In calculating the present value of
9 affected benefits, the System shall consider anticipated
10 future benefit accruals, not just benefit amounts already
11 earned at the time of the election, and where appropriate shall
12 use the same actuarially assumed rates of salary increase,
13 continued employment, and other relevant factors that it uses
14 in determining its funding requirements or actuarial
15 liabilities.

16 (e) To the extent permitted by federal law, a person
17 entitled to receive a benefit buyout payment under this Section
18 may direct the System to pay all or a portion of that payment
19 (i) as an immediate cash payment, (ii) in a series of annual
20 payments over a period of up to 5 years, without interest, or
21 (iii) as a rollover into another retirement plan or account
22 qualified under the Internal Revenue Code of 1986, as amended.
23 The System shall withhold from the benefit buyout payment any
24 amounts required by law to be withheld for tax purposes.

25 (f) If a person terminates employment and applies for a
26 refund of employee contributions within 5 years after receiving

1 a benefit buyout payment under this Section, the amount of the
2 benefit buyout payment shall be deducted from the refund of
3 employee contributions and retained by the System. If the
4 benefit buyout payment was more than the amount of the refund,
5 the excess need not be repaid to the System.

6 (g) Upon request, a person shall be provided with written
7 information prepared or prescribed by the System, describing
8 the consequences of making an election under this Section. The
9 person shall be offered an opportunity to receive counseling
10 from the System before making the election. This counseling may
11 consist of video materials, group presentations, individual
12 consultation with an employee or authorized representative of
13 the System in person or by telephone or other electronic means,
14 or any combination of those methods.

15 The information and counseling shall specifically identify
16 the anticipated effects of an election on benefits under the
17 System and the Retirement Systems Reciprocal Act, describe
18 benefit buyout payment options, and provide general
19 information about tax withholding, but shall not include
20 specific tax advice.

21 (h) The System shall report on the benefit buyout program
22 to the Governor and the General Assembly by March 1, 2015. The
23 report shall indicate the number and percentage of eligible
24 persons who made an election, the types of elections made, the
25 total amount of benefit buyout payments paid, any restrictions
26 on the number of participants or total amount of benefit buyout

1 payments adopted by the System, and the anticipated savings to
2 the System resulting from the program. The report shall not
3 include any personally identifiable information.

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.